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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

China to sell jets to Egypt

China has signed an arms deal with Egypt which is understood to involve the supply of at least 60 MiG-19 fighter aircraft.

The Chinese decision is certain to be considered provocative by the Soviet Union which is the principal arms supplier to Arab countries bitterly opposed to President Sadat's peace efforts.

President Sadat made the announcement during a speech to the Egyptian armed forces but gave no details. Back Page

Coggan to retire

The Archbishop of Canterbury, Dr. Donald Coggan, announced his resignation. He will be 70 in October and plans to retire on January 26. Men and Matters Page 18

Basque protests

Strikes and demonstrations seriously disrupted the Basque region of Spain as protests continued against police action which resulted in the death of a young woman during an anti-nuclear rally. Page 3

Directors charged

The managing director and finance director of William Press, the engineering and construction group, were among 11 of the company's employees charged with conspiring to defraud the Inland Revenue. Back Page

DC-10s grounded

Up to 20 of the 134 DC-10s in service with U.S. airlines have been grounded a second time because of potential problems stemming from last week's safety inspection. Page 6

Thatcher in Paris

Mrs. Thatcher, on her first official visit to a foreign capital, had private talks in Paris with President Giscard d'Estaing of France which she said had gone "very well indeed." Back Page; Australia visit, Page 10

Financier jailed

Financier William Morley, aged 63, of Enfield, Middlesex, was jailed for seven years at the Old Bailey for masterminding the fraud of the London-based Bahrain Banking Corporation which offered loans worth £500m on the strength of assets of £100.

Rebels in control

Rebel officers said they were in firm control in Ghana following Monday's coup, and had set up a revolutionary council. They promised a smooth transition to constitutional rule and said the scheduled June 18 general elections should go ahead. Page 5

Energy talks

West German Chancellor Helmut Schmidt flew to the U.S. for talks with President Carter in Washington which were expected to focus on energy problems.

Briefly . . .

Nineteen people, including 15 children, were killed when their tractor-drawn trailer overturned into an irrigation canal in Turkey.

Riot police barracks in Ajaccio, Corsica, was attacked by several hundred people with petrol bombs and shotguns.

Winner of the latest £100,000 premium bond prize lives in Wiltshire. The bond number was 25ZS 110664.

Vauxhall Viva bought 12 years ago for £747 was auctioned for £1,060. It had only done 3,000 miles.

BUSINESS

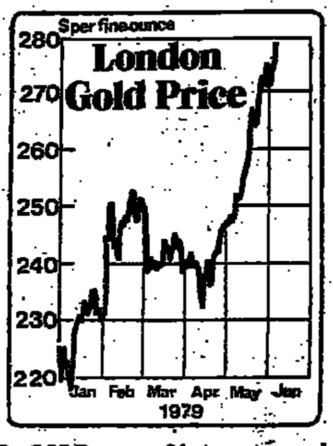
Gold at new high; Tokyo down 75

● EQUITIES fell slightly, and about half of the closing fall was accounted for by reaction to an £80.5m rights issue announced by Grand Metropolitan. The FT Ordinary Index closed 1.6 down at 509.3. Gold shares advanced and the Gold Mines index put on 8.9 to 203.2.

● GILTS were unsettled ahead of the latest banking statistics and the Government Securities index closed 0.33 down at 72.60.

● TOKYO share prices fell sharply in heavy selling of blue chip stocks. The Nikkei Dow index fell 74.75 to 6,123.96.

● STERLING rose 27 points to $2.0805 and its trade-weighted index rose to 67.8 (67.7). The dollar also gained ground and its index rose to 87.0 (86.9).



● GOLD rose $4 to a record $276½ in London.

● WALL STREET was 8.75 up at 830.85 just before the close.

● GENERAL MOTORS Acceptance Corporation and Kennecott Copper are tapping the Eurodollar bond market with issues of $100m each. Page 26

● FRENCH BANKS will raise their basic lending rate from 8 per cent to 9.15 per cent today. The rate was last changed on December 1 last year.

● GOVERNOR of the Bank of England has said that low rates of growth in the world economy must be expected for the foreseeable future. Back Page

● RETAIL SALES rose more sharply in April than at first estimated, according to Department of Trade figures. The upsurge means that spending in the shops in the first four months of this year is in line with the peak levels recorded at the end of 1978. Back and Page 8

● PRICE COMMISSION has said that Esso and BP Oil price increases this year are fully justified, and that BP Oil's forecast profit margin is "not adequate." Page 8

● SIR DEREK EZRA, NCB chairman, has said Europe should study the U.S. approach to its energy problems, and then do exactly the opposite. Page 3

● NORTHERN Development Agency is to join a UK specialist motorcycle company in a venture to produce racing machines in Belfast, in an attempt to re-establish a major motorcycle manufacturer in the UK. Page 10

COMPANIES

● DE LA RUE, the security printer and supplier of electronic equipment, reports pretax profits for the year to March 31 down from £28.3m to £26.6m. Page 20 and Lex

● NORTHERN FOODS, the foods and dairy group, raised pretax profits from £10.87m to £12.04m in the first half to March 31. Page 21 and Lex

● SKETCHLEY group reports record profits and sales in the year to March 30 with pretax profits up from £3.66m to £4.94m on sales 22 per cent ahead at £40.97m. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brown and Jackson	228	+ 23
De La Rue	435	+ 11
Electronic Rentals	210	+ 6
Furness Withy	281	+ 11
Hunting Gibson	240	+ 10
Law Land	72	+ 3
Lee Cooper	278	+ 13
Marshalls (Halifax)	160	+ 8
Matthews (B.)	250	+ 16
May and Hassell	87	+ 7
Moss Bros.	290	+ 10
NatWest	350	+ 8
Neill and Spencer	204	+ 8
Scotcros	92	+ 16
Sketchley	207	+ 10
Sound Diffusion	130	+ 7
[illegible]P	1188	+ 80
LASMO	244	+ 14
Anglo Amer. Corp.	431	+ 15
De Beers Dfd.	437	+ 10
East Driefontein	903	+ 63
East Rand Prop.	478	+ 68
Falcon Mines	310	+ 15
Harmony	455	+ 28
West Rand Cons.	184	+ 20

FALLS		
Excheq. 12pc 13-17	£98⅜	— ⅜
Charterhouse	70	— 6
Grand Met.	143	— 8
Land Secs.	299	— 7
Muirhead	256	— 14
Stylo	132	— 3
Geevor	145	— 5
Metals Expln.	63	— 8½

Top salary increases raise expectations, warn union leaders

BY NICK GARNETT AND ALAN PIKE

The Government approved increases yesterday in top salaries which union leaders immediately warned would raise the general level of expectations in the next pay round.

Acceptance of these recommendations for 1979 from Lord Boyle's top salaries review body means that, in conjunction with previously-approved increases, the pay of senior civil servants, judges, military officers and nationalised industry board members will rise by 25 per cent this year.

Increases on a similar scale were approved yesterday for 74,000 doctors and dentists.

Mr. David Basnett, general secretary of the General and Municipal Worker's Union, said last night that if better-off professional groups were to receive 25 per cent increases "this must influence our claims for less-privileged workers in the public sector in the next pay round."

Debate

He hoped that the Clegg comparability commission examining local authority and hospital manual workers' pay would "take serious account of the Government's generosity towards richer groups also in this sector."

Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, said that his union's conference this month would debate demands for 30 per cent increases, and that the top salaries decision, following big increases for the police and armed forces, created enormous problems for union leaders.

"It will also create enormous problems in society, and I do not know what things are going to be like by the time we get to the winter."

The increases were strongly criticised by Labour MPs, but were welcomed by Mr. Bill Kendall, secretary-general of the Civil Service National Whitley Council Staff Side, and Sir Francis Tombs, chairman of the nationalised industries chairmen's group.

Increases by the top salaries review body recommended as appropriate for April 1978 are being introduced in stages to April 1980.

The stage due for payment in April this year has been implemented, and the new recommendations approved yesterday are an average of 11.7 per cent on top of this.

Groups covered by the review will receive further 12 per cent increases next April, but the Government has taken no decision on whether this should be topped up to take account of developments in the intervening period.

Salaries of MPs are under consideration by the Boyle committee, and a report on this is expected to reach Ministers shortly.

The hostile reaction of union leaders and Labour MPs must have been expected by the Government. Ministers will draw comfort from the Boyle Report's strong assertion that most of the acute problems it has encountered over the years have stemmed from postponement of decisions on "difficult or potentially unpopular" aspects of public-service pay, particularly at top levels.

The pay rises backdated to April 1 for National Health Service doctors and dentists are the second phase of a three-phase process started last year to bring their pay back into line with comparable groups by April 1980.

Effects

The review body says "substantial" increases next year, which will be the subject of a further report, are necessary to complete the process. These rises, it adds, are necessary to reverse an erosion in morale.

Estimated effects on earnings range from 22 to 26 per cent

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Editorial comment Page 18

Russians invite China for new talks

BY DAVID HOUSEGO

CHINA IS considering seriously a Russian offer to open negotiations in Moscow in July or August to normalise relations.

The proposed talks would be, according to the Soviet proposal according to the Soviet proposal, at deputy foreign minister level —the most senior for many years.

A Chinese spokesman, disclosing the Russian offer in Peking yesterday, said it was being studied but declined to say when China would make an official response. Since anouncing in April, however, that it would not renew the 30-year Sino-Soviet Treaty of Friendship, China has offered to begin negotiations on resolving outstanding issues.

China's major reason for seeking a more stable relationship with the Soviet Union is to prevent an unnecessary increase in defence expenditure at a time when China is attempting to modernise its economy. Apart from the long-standing tension on the Russian border, the Chinese now face the prospect of a continuing conflict with Vietnam in the South.

The Russians would clearly like a formal agreement with the Chinese to replace the treaty of friendship and are apprehensive at the ties that Peking has been establishing over the last year with the U.S., the EEC and Japan.

Western observers, however, are sceptical that the talks will produce any genuine rapprochement. They point to the continuing propaganda between the rival socialist powers and the failure of the long drawn out talks over the Sino-Soviet border dispute to achieve any concrete result.

The Russian memorandum, handed by Mr. Andrei Gromyko, the Soviet Foreign Minister, to the Chinese Charge d'Affaires in Moscow on Monday, called for an improvement of relations on the basis of the principles of peaceful coexistence, mutual respect for sovereignty and territorial integrity, non—interference in each other's internal affairs, and renuciation of force.

The Russians also said that both sides should deny recognition to anyone claiming "hegemony" in world affairs

£ in New York

—	June 4	Previous
Spot	$2.0775-0785	$2.0775-0785
1 month	0.17-0.12 dis	0.27-0.22 dis
3 months	0.66-0.60 dis	0.70-0.60 dis
12 months	2.08-1.95 dis	2.10-2.00 dis

New Tornado aircraft order worth £1.5bn

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN ORDER for a further production batch of 164 Tornado multi-role combat aircraft, worth nearly £1.5bn, is expected to be signed in Munich today between Panavia the three-nation company building the aircraft and Namma, the NATO agency managing the Tornado programme for the UK, West German and Italian Governments.

Panavia comprises British Aerospace, Messerschmidt-Bolkow-Brohm of West Germany, and Aeritalia of Italy.

Also involved in the deal will be Turbo-Union the company building the aircraft's RB-199 engines, comprising Rolls-Royce, Machinen-und-Turbinen Union of West Germany, and Fiat of Italy.

Thoe new deal will bring to 314 the total of Tornado aircraft on order—worth about £2.85bn altogether. All of these are of the basic strike version of the aircraft.

Further production orders will be placed through the 1980s until the eventual planned total of 809 aircraft for the three countries has been reached. These will comprise 644 basic strike aircraft at £9m each, and 165 of the more expensive specialist Air Defence Variant at £10.9m each.

The full cost of the 809 aircraft including research and development (costing several hundred million pounds) and production, is thus likely to be more than £8bn. Of this, the UK's share will be 42.5 per cent or about £3.4bn.

West Germany also has 42.5 per cent and Italy 15 per cent. The RAF will be taking 385 of the aircraft (including all of the 165 specialist aircraft), while the Luftwaffe will be taking 212, the German navy 112 and the Italian airforce 100.

First deliveries of the basic aircraft to the RAF and the Luftwaffe will be made next year.

But the three governments are hoping to accelerate the Tornado production programme.

The first production Tornado was rolled out of the Warton, Lancashire, factory of British Aerospace yesterday. It will fly later this month and will then go to the Government's Aeroplans and Armament Experimental Establishment at Boscombe Down, Wiltshire, for extensive flight trials.

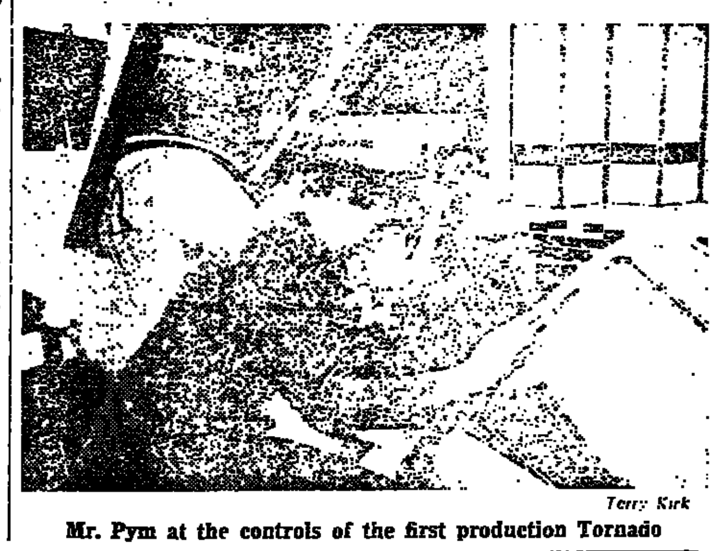
But some 15 Tornado aircraft are already flying—nine prototypes and six pre-production aircraft—which together have logged over 2,750 hours in the air.

The second production Tornado is due to be rolled out today at the Manching, near Munich factory of Messerschmidt.

Production of the aircraft is divided between the three countries, with over 500 compaines and 70,000 workers involved, feeding the three assembly lines in Lancs, Munich and at Caselle, near Turin.

Mr. Francis Pym, the Secretary for Defence, speaking at yesterday's roll-out ceremonw at Warton, said "The Tornado is a success story, an achievement that demonstrates to the world our capability of collaborating successfully."

The Tornado is a twin-engined two-seat swinging-wings areoplane, capable of performing a wide variety of missions at both high-level and low level with a top speed of Mach 2.2, in excess of twice the speed of sound.



Terry Kirk

Mr. Pym at the controls of the first production Tornado

Money supply expanding ahead of target

BY DAVID FREUD

THE MONEY SUPPLY continued to expand last month faster than the target set by the authorities, it appears from banking figures published yesterday.

Bank lending to the private sector, which moved further above the buoyant level of the previous two months, was the biggest contributor to the growth.

The banking sector also moved closer to the official corset ceiling for the expansion of its interest-bearing liabilities—the level above which banks pay penalties to the Bank of England.

The banking figures suggest that sterling money stock on the wider definition (M3) used for official targets, increased by between 1 and 1½ per cent in the month to mid-May. This includes cash and bank current and seven-day deposits.

If this increase is confirmed in the money supply figures published next week, the annual rate of expansion in the first seven months of the current period will stay at about the same rate as last month, or 12½ per cent per annum.

Advances

This is a little above the top end of the 8-12 per cent target range for growth over the 12 months from last October.

The main pointer to the May money supply comes from the increase in total eligible liabilities of the banking system.

These, the main deposit funds of the banks and an important constituent of the money stock, rose 1.9 per cent in the month to mid-May to £48.4bn.

The whole of this rise is unlikely to be reflected in the money stock because of technical transactions in the money market and the elimination of overseas sterling deposits, which are not used in measuring M3.

Sterlig advances to the U.K. private sector by the London clearing banks rose strongly. They were £472m up in the month to mid-May and the underlying level was higher, at more than £500m to make a total underlying increase of £1.5bn in the latest three months.

Advances were broadly spread, although the major emphasis in May was on the personal and service sectors.

Tables Pages 22 and 23
Lex Back Page

Grand Met calls for £80.5m

BY TIM DICKSON

GRAND METROPOLITAN, the UK leisure group with interests ranging from hotels and casinos to milk and food manufacture, yesterday announced an £80.5m rights issue, the biggest this year.

This takes the total amount of funds raised on the UK stock market this year to more than £500m, twice the figure this time last year.

Grand Metropolitan says it is anxious to take advantage of the available growth opportunities "and thus maintain the momentum of growth."

The company did not reveal plans for any specific acquisitions. But said that North American was a possible area for expansion.

Over the last few years Grand Metropolitan has substantially reduced its previously high level of borrowings which reached a peak during 1974. This followed a number of takeovers, notably the Truman and Watney Mann breweries.

Mr. Stanley Grinstead, Grand Met's joint managing director, said yesterday the bulk of the company's capital spending commitments, running at about 110m a year, was taken up with maintaining the group's large asset base.

This, he pointed out, did not leave much for expanding the group's activities.

Referring to the group's present balance sheet, Mr. Grinstead said that the current ration of borrowings to shareholders' funds was "about right."

The rights issue, he added, would reduce this level of borrowing in the short term but with acquisitions it would probably creep up again over the next few years.

On possible overseas expansion, he said the group had decided it was "strategically right" to diversify. Almost 90 per cent of the group's assets were in the UK.

The terms of the issue are one new ordinary share at 126p for every seven already held. The shares closed at 141p, down 10p. The net proceeds are estimated at £77.6m. The issue has been underwritten by S. G. Warburg.

Grand Met's last rights issue was in October, 1975, when the company raised £27m.

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BENN CALLS FOR EEC CHANGES

Labour's bogeyman warns of Britain's 'Merseyside' future

BY PHILIP RAWSTORNE

THEATRE BILLS in the square announce the final appearance of the Boggart, Lancashire's name for a bogeyman.

Mr. Tony Benn, long familiar with that role in politics, arrives on cue. The chairman of Labour's Euro Campaign Committee rides on the open upper deck of a flag flying bus. Clad in waterproofs against the rigours of the Manchester summer, he stands like one of those visionary captains in an epic film.

A Mr. John Mills stands beside him lending nominal credence to the cinematic image—but is the Labour candidate for Greater Manchester South and a founder of the party's anti-Market Safeguards Campaign, not the actor.

Their arrival puts the pigeons to flight but scarcely causes a stir among the city's voters. There was to have been a cavalcade to the meeting but only a van and two or three cars ambled behind in embarrassed procession behind the bus.

Their passengers disembark and rally on the pavement. All wear red and yellow "John Mills for Europe" stickers which are spread contagiously among the few unlabelled and blue-cold bystanders.

Leaflets promising that "Labour will fight for you in Europe" are distributed. Mr. Mills adds that he will soldier for radical changes. Continued membership of the EEC on present terms could only accentuate the problems of the Manchester region.

Mr. Benn takes the microphone. This is not a nationalist campaign, he declares. Labour is not against international co-operation. "But we believe that the way the Common Market is organised is hostile to the interests of working people."

Labour is not calling for immediate withdrawal: but it does ask for a renewed commitment to fundamental social economic and political change. That would mean amendment of the Rome Treaty, safeguards for national sovereignty and curbs on the powers of the EEC Commission.

Mr. Benn tots up the cost of the EEC Budget and agricultural policy. But he emphasises that it is the democratic price of membership that is too high.

He is warmly applauded, and departs at speed. The ripple of interest just as quickly subsides.

"This is the first election in European history demanded by people at the top and not wanted by the mass of voters," Mr. Benn tells a critic on the BBC's radio phone-in programme.

He did not want the election himself, believing that it would give an aura of respectability to thoroughly undemocratic institutions. "But the Labour movement does not believe in abstention as a form of political action," he asserts.

Mr. Benn has fought hard and long to ensure that Labour's manifesto reflects the hostility displayed by successive party conferences and which he now concisely but ever-courteously propagates.

Though Mr. James Callaghan insisted on launching the campaign and had Labour's last word in a television broadcast, Mr. Benn has throughout been its main driving force.

He has dominated the party Press conferences and was the only member of the campaign committee to turn up at one meeting last week. He and only one other left-winger attended a second committee meeting.

In sustaining the anti-Market cause from Glasgow to Plymouth, from Bristol to Bedford, Mr. Benn links the struggle with that of securing greater internal democracy in the Labour Party.

If Labour Prime Ministers had less patronage and its MPs were subject to re-selection, he implies, the country would not be in the Common Market now. To stand against the EEC is to stand for democratic socialism.

On the red-lit platform in Woolwich Town Hall, Mr. Benn switches on his tape recorder—whether for posterity or proof against Press perversion is not clear—and declares: "The hub of our objection is that the Common Market is based on a written constitution which entrenches the principles of capitalism. The Treaty of Rome might have been drafted by Conservative Central Office."

It threatens to dismantle all the hard-won gains of the Labour movement in Britain, he says tersely.

Mr. Steve Bundred, Labour's candidate for south-east London, nods approvingly. His own speech has just echoed the headlines of his election news sheet—"Changes, or out we come," "Life aboard the EEC gravy train," "How the rich get richer," "North Sea oil grab," "Eurofraud a growth industry," "Phoney Parliament."

The audience of 50 listens in total silence. But it turns out from the later applause to have been silent agreement, not apathy.

None of the arguments against membership are published by the newspapers, Mr. Benn says. The facts are that nine times more British capital—profits made by British workers—is being invested in Europe than comes to Britain from the Continent; that Brussels bureaucrats are vetoing our industrial policies; that their directives override British laws.

Mr. Benn gestures in despair. "What I fear is that one day the people will wake up and find that they have lost the rights it took them centuries to win; that we have become the Merseyside of Europe."

There is no sign that he, any more than anyone else in this election, is awakening the electorate. But he lights his pipe at the end, apparently assured that his persuasive arguments and the inevitable advance of the Labour movement will eventually prevail.


Hugh Routledge

Mr. Anthony Wedgwood Benn

Former Labour MP turned Liberal, Mr. Christopher Mayhew launched a blistering attack yesterday on Mr. Anthony Wedgwood Benn, accusing him of re-writing history over the division of Europe.

Mr. Mayhew, the Liberal Euro candidate for Surrey, said he had heard Mr. Benn on the radio, "blaming the West rather than the Russians for the division of Europe. It was a load of old Marxist rubbish.

"If anyone spoke about European history like that in the European Parliament he would be denounced as a Stalinist by the French and Italian Communists."

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Soviet threat to retaliate over Berlin representatives

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION has threatened to take counter-measures after next Sunday's nomination by the West Berlin Parliament of three Berlin representatives to be included in the West German delegation to the European Parliament.

The threat comes after the Soviet Union protested late last month to the three Western allies in their capitals that the nomination of the three West Berliners would violate the 1972 Four Power agreement on Berlin. The Soviet protests, however, did not suggest any measures would be taken by Moscow.

The German language service of Radio Moscow has said the Soviet Union "will be compelled to take measures to guarantee the normal functioning of the (Four Power) agreement." An allied spokesman in West Berlin says this appears to be a "veiled threat" to take action.

Some Western officials think the Soviet Union may consider allowing East Germany to introduce measures "permanently affecting" traffic between West Berlin and West Germany or between West and East Berlin.

This would evoke a strong Western protest and then Moscow might call for a Four Power meeting to re-interpret the quadripartite accord. Until now, this has been resisted by both the West and the Soviet Union as being fraught with danger.

The majority of Western officials, however, consider that Moscow will not allow East Germany to interfere with the free flow of traffic on the East German autobahn routes to West Berlin, or with the access of West Berliners to East Germany. This is because of the summit meeting less than two weeks from now in Vienna between President Carter and President Brezhnev to sign the SALT II agreement.

The signing would be jeopardised by any East German interference, it is pointed out here.

Even if a Soviet-backed retaliation occurred after the signing, the allies note, it would still endanger ratification by the U.S. Senate.

East German officials, however, have reportedly told the West German permanent mission in East Berlin that retaliatory steps will be taken after this Sunday's nomination of the West Berlin delegates to Strasbourg.

In response to protests, the Western Allies have told the Russians that the "nomination" of West Berlin parliamentarians complies with the Four Power agreement as the Berlin representatives are not being directly elected as is the case elsewhere in Western Europe.

Vote reform call likely if UK Tories win

BY MALCOLM RUTHERFORD, POLITICAL EDITOR

THE CONSERVATIVE Party seems likely to win an overwhelming victory in the elections to the European Parliament, voting for which takes place in Britain tomorrow. If one takes last week's Gallup Poll in the Daily Telegraph as a guide, there has been a swing to the Conservatives from Labour of 6 per cent since the general election on May 3.

If those findings are borne out tomorrow, the results would give the Conservatives 58 seats and Labour 20. (The remaining three of the UK's 81 seats are in Northern Ireland, where members will be elected by a system of proportional representation.) Yet the Tory majority could be even greater.

There are three main reasons for the Conservatives' superiority. The first is the huge size of the constituencies, most of them with over 500,000 voters. Broadly speaking, Labour votes tend to be concentrated in urban areas. The result of grouping large numbers of urban Westminster constituencies together is likely to be that many of these votes will be wasted. That is, Labour could win by a large majority in some cities, but lose heavily in the rest of the country where the constituencies are more mixed.

The second reason is simply that the Tories are better organised. Many Conservative associations have been looking forward to these elections for some time, and there is a detectable feeling among Conservative supporters that voting for Europe is something of a duty. (The distinction between voting for Europe and voting in Europe is not always made.)

The Tories have also had the advantage of the campaign by Mr. Edward Heath, who remains a remarkably popular figure in the country. The Tory turnout is likely to be much higher than that of Labour.

The third and related reason is that the Labour Party has been arguing internally about Europe for so long that it is in no position to fight a convincing battle. There were quarrels about the party's manifesto, about the selection of candidates and about the funding to the campaign.

The evidence of the BBC phone-in programmes indeed suggests that a number of people have come to believe that Labour is fighting on a platform of "get Britain out." Although this is not the case, the general confusion and internal divisions cannot have helped the Labour vote.

Ironically, the Labour Party might have done much better if Mr. Callaghan's government had opted for a system of proportional representation such as is being used in every other member country of the Community.

The chief losers from the first-past-the-post system are likely to be the Liberals, whose only reasonable chance of winning a seat is in the Highlands and Islands where their candidate is Mr. Russell Johnston, the Liberal MP for Inverness.

The Liberals in particular can be expected to complain vociferously at the unfairness of the system when the results are out.

Uniform procedure

It is an intriguing possibility, however, that they might be joined by the Labour Party in their demands for electoral reform. The next Parliament in five years' time is due to be elected by a uniform procedure throughout the Community, which means that the pressures on Britain to introduce PR at least in European elections could be intense.

There are other ways in which the elections could have a considerable influence on British politics. The proceedings of the European Parliament, for example, can be televised. Who knows whether that will increase or decrease the demand for the televising of Westminster? Again, the Parliament has a more developed committee system than has so far been used at home. It is possible that that too could become an example to the House of Commons.

Perhaps most important of all is the question of the relationship between the parties in Europe and the parties in Westminster. Nobody is quite sure how it will develop.


Mr. James Spicer (left) and Sir Brandon Rhys Williams

The Tories have done something to ensure that their MEPs — Members of the European Parliament, as we shall have to learn to say—are not entirely distinct from the MPs by allowing four of their Westminster brethren to seek election to Europe as well.

They are Mrs. Elaine Kellett-Bowman, Mr. Tom Normanton, Mr. James Spicer and Sir Brandon Rhys Williams, none of whom are exactly household names. But it is admitted that this experiment may not last. There is talk of their having to give up their Westminster seats if the burden of work caused by the so-called dual mandate becomes too great.

Labour has forbidden the dual mandate altogether so that the relations to be established between its MEPs and members at Westminster are even more of a mystery. Its outstanding candidate is Mrs. Barbara Castle, the former Minister, who indeed is probably the best-known candidate of any British party. She can be expected to make a formidable contribution and is guaranteed to attract publicity.

As for the rest of the Labour candidates, it is by no means true that they are all anti-European. Probably about one-third of them are pro-Community, and very few are totally against.

Mr Ernest Wistrich, the Labour candidate for Cleveland and Director of the European Movement, is an even more committed European than most of the Tories. It is true, however, that most of the Labour candidates tend to be local figures who have yet to make a national reputation.

The Tory candidates are more illustrious, though not remarkably so. Most people will have heard of Sir Henry Plumb, the former president of the National Farmers' Union who is standing for the Cotswolds, and there are other names more familiar in a different context, such as Sir Fred Catherwood and Mr. Basil de Ferranti. There is also a fair sprinkling of former diplomats and professional Eurocrats.

Yet the list is not distinguished for its Parliamentary experience and some of the Tory candidates are quite as obscure as their Labour counterparts. That again is one of the intriguing aspects. It is quite possible that some of them will rise to the occasion, and at least one of them is treating Europe as a springboard for Westminster rather than a place to go out to grass.

Question of pay

There remains the vexed question of pay. Like almost everything else, it remains an unknown factor, though perhaps slightly less contentious than it was. At one stage, it seemed that British MEPs would be paid something like the going European rate, which means about three times the present salary at Westminster, plus allowances.

The European Council last December put a stop to that by agreeing that MEPs would receive the same salary as members of their national parliaments, and that it would be paid from national budgets rather than from Community funds. (The latter agreement was a sop to President Giscard d'Estaing of France who wanted to play down the federal nature of the Parliament.)

MEPs, however, could still have the last laugh because they will determine their own allowances after the elections. In any case, the disparity between British and Continental parliamentary salaries could be somewhat reduced if Mrs. Thatcher accepts the recommendations of the Boyle Committee on MPs' pay. These are said to go about half way towards the European average.

"It is not in my nature to give interviews."

The only private interview that Leonid Brezhnev ever gave to American journalists, he gave to TIME Magazine. "Given the importance of the relations between our two countries," he said, "and the solid reputation of your magazine, I decided to take advantage of your request to answer TIME's questions."

An apt demonstration of one of TIME's most extraordinary attributes: the ability, through such exclusive interviews as those with Soviet Party Chief Brezhnev and China's Vice Premier Deng, to present aspects of the news not available anywhere else.

And it demonstrates, also, TIME's authority and leadership—as newspapers around the world quoted excerpts of the conversation; as statesmen and readers scanned the columns of TIME for new insights into the Soviet leader. Above all, it demonstrates TIME's unmatched editorial quality.

Another reason why TIME has earned more loyal readers around the world than any other single news source.

The news magazine for the internationally minded.

Ezra hits at U.S. energy policy

By Jonathan Carr in Bonn

EUROPE could learn much—in a negative sense—from the approach of the U.S. to its energy problems, according to Sir Derek Ezra, chairman of Britain's National Coal Board.

Speaking to the British-German Trade Council in Cologne yesterday, Sir Derek suggested, to general applause, that Europe should study U.S. energy policy and then decide to do exactly the opposite.

Saying that the U.S. was now importing more oil than was being produced in Saudi Arabia, he described this as a "fantastic situation" for a country which could be totally self-sufficient in energy if it pursued the right policies.

Friends of the U.S. should seek to persuade it to take a different line, Sir Derek said, drawing a dramatic picture of the situation which could emerge if U.S. oil imports increased further in coming years while available world supplies diminished.

Urging combined European action both to develop non-oil energy sources and to increase the effectiveness of energy usage, Sir Derek warned that Europe would face a crisis within a decade unless the pattern of energy consumption changed. Action should include more substitution of coal for oil in power stations.

He foresaw peak usage of oil and natural gas being reached within ten years, after which the only way Europe could attain its growth objectives would be through increased use of coal and nuclear power, this situation would exist until well into the next century when new energy sources, such as nuclear fusion, could well emerge.

SOVIET PLAN TO EASE ANKARA'S ENERGY PROBLEMS

Russia to build Turkish N-plant

BY METIN MUNIR IN ANKARA

THE SOVIET UNION is to build a nuclear power plant in Turkey and will guarantee fuel supplies for its operation. The plant is one of 20 projects under discussion between the two countries making up a portfolio of $8bn.

The portfolio is an expanded version of a series of projects which have been under discussion between the countries for over three years. Nearly half the cost will come from the Soviet Union in the form of project financing.

These disclosures were made in Ankara yesterday at the end of the six-day annual meeting of the Turkish-Soviet Mixed Commission on Economic Co-operation, led by Mr. Hikmet Cetin, Turkish Deputy Prime Minister, and Mr. Simon Skatchkov, chairman of the Soviet State Committee on Foreign Economic Relations.

As a first step in the nuclear project, the state-owned Turkish Electricity Authority and V/O Atomenergo Export are to conclude a consultant-engineering contract to carry out feasibility and site studies. It is intended to decide on the location, capacity and type of reactor by the end of the year.

Ankara is also engaged in negotiations with Western companies for a 600MW reactor to be built in southern Turkey.

Economic co-operation between Turkey and Moscow has been growing steadily since 1967, when after a long period of chilly relations, political ties started to improve. Since then the Soviet Union has become one of the biggest suppliers of project credits to Turkey.

The Soviet Union is to assist the state-owned Turkish Petroleum Company in gas and oil exploration. Within three months the Russians are expected to make firm proposals in this field, starting with geological surveys in south-eastern Turkey. Turkey is expecting to receive 3m tonnes of Soviet oil this year.

Under other agreements signed yesterday, the Soviet Union promised about $400m worth of project credits for the doubling of the Iskenderun iron and steel complex to an annual capacity of 2bn tons and the building of a new hydrogen peroxide plant and thermal power plant. Moscow has also promised to assist in the expansion of a Soviet-built aluminium plant and a refinery.

Soviet electricity supplies to Turkey's eastern and Black Sea provinces will be raised to 2.4bn KWh a year, with the erection of a second power transmission line between the two countries.

Speaking after the signing of agreements, Mr. Skatchkov emphasised the importance of energy for Turkey, saying the Soviets owed their growth to extensive investments in the energy sector.

He also revealed for the first time that the Soviets had proposed to explore for oil and natural gas deposits in Turkey as long ago as 12 years earlier.

The signing of the $400m deal yesterday, together with the discussions about the $8bn package, indicate that the Soviets are holding out the prospect of generous project credits to support the building up of infrastructure, energy and basic industries.

The Russian desire to invest, however, has undoubted political implications, as Ankara's stout allegiance to the West continues.

Pope stresses Church's human rights role

BY CHRISTOPHER BOBINSKI IN WARSAW

IN HIS most outspoken reference so far to relations between Church and State in Eastern Europe, Pope John Paul II said yesterday that Christianity had an important part to play in the struggle for human rights.

Addressing the Polish Bishops conference at the monastery of Jasna Gora in Czestochowa, the Pope said: "Europe, despite its present long-lasting divisions of regimes, ideologies and economic and political systems, must not cease to seek fundamental unity."

He said: "Christianity must commit itself anew to the formation of the spiritual unity of Europe. Economic and political reasons alone cannot do it. We must go deeper, to ethical reasons" and added that, "churches in Europe have a great task to perform here."

He repeated fragments of a speech he made last January to diplomats accredited to the Vatican in which he said he would like to see more countries represented at the Vatican to make it "a centre of fraternal rapprochement."

Yesterday's speech was of great significance for relations between Church and State in Poland and for other countries in the Eastern bloc. First, the Pope repeated demands that the Church be allowed to perform its religious mission unhindered. That would include being allowed access to the media and permission being given for lay church organisations to be formed.

In effect, he declared that unless these conditions were fulfilled then religious freedom, which is guaranteed by various human rights agreements and by the Polish constitution, would not be respected.

He said the question of normalisation of relations between Church and State had a "rich and varied history" but that the Polish episcopate was ready for a dialogue with the State. He stressed that this had to be an authentic dialogue which "respects the convictions of believers, ensures the rights of the citizens and ensures normal conditions for the activities of the Church."

After reminding the Polish bishops that at times carrying out their duties might "expose them to the danger of losing their lives and thus paying the price of proclaiming the truth and the law of God," he told them that they must work for normalisation of relations with the State in which principles would be clearly visible.

He said this would be practical proof that human rights were respected in Poland and that the State saw its role as an institution which served the good of the nation.

Later in the day the Pope told applauding listeners that the authentic unity of the nation required "the just guarantees of its rights and duties of each member."

People coming into Czestochowa today reported no problem getting into the city in contrast to the previous day when there had been reports from Church officials of harassment from officials.

Commenting on the possible reaction to the Pope's speeches from the authorities, a senior Polish church official said: "Really there was nothing in the text they could object to."

Portugal's government poised to resign

By Jimmy Burns in Lisbon

THE PORTUGUESE government could resign shortly in the face of growing parliamentary opposition and last-minute amendments to its 1979 budget.

Although the general budget proposal was approved last week, the political parties, led by the Socialists, Communists and Social Democrats, yesterday presented more than 60 amendments.

These include the removal of the controversial tax on the extra month's wage, which is paid as a Christmas bonus, and further allocations for local government spending.

If approved, the amendments will increase the Government's budget deficit and complicate further its negotiations with the IMF. Part of a parliamentary offensive to bring down the present administration at whatever cost, they follow the tabling of two censure motions on Monday night, by the Socialist and Communist parties.

The suggestion that the Government might resign before waiting for the approval of the two motions was aired publicly for the first time on Monday by Sr. Alvaro Monjardino, the Deputy Prime Minister. In a television interview, he said that the Government "would reconsider its position" during its weekly Cabinet meeting scheduled for today.

Meanwhile, Portugal today faces a national strike by 27,000 railway workers in support of demands for a 23 per cent wage increase and better social conditions.

Protest strikes cripple Basque region

BY ROBERT GRAHAM IN MADRID

THE FOUR provinces of the Basque region were seriously disrupted by strikes and demonstrations yesterday. They were called to protest against police action over the weekend which resulted in the death of a young woman during an anti-nuclear rally.

In Pamplona, Tudela (where the death occurred) and San Sebastian, clashes occurred between police and demonstrators. It was the worst generalised unrest in the troubled Basque provinces for almost a year.

The protest demonstrations had been supported by widely differing political parties, but appeared to develop into a general confrontation between Basque nationalists and the security forces.

In Pamplona police made six arrests after protesters set up barricades, while in San Sebastian police used rubber bullets and tear gas to disperse demonstrators.

Two people, including an old man, received head injuries from the bullets.

The leading unions claimed a big response to their call for protest strikes in the four provinces. The most widespread industrial action was in Navarre Province, where Tudela is situated.

This was the second day of what has been nearly a general strike there. In Guipuzcoa, whose centre is San Sebastian, union officials said that by midmorning, work stoppages were general.

In Bilbao, shops remained open but some of the bigger industrial concerns were closed. Frontier traffic with France also halted for a time. Up to 2,000 trucks were delayed on both sides of the border because of a customs stoppage.

The protest has highlighted one of the fundamental problems the Government now faces in the Basque country. The Basques have little or no confidence in the security forces, especially those sent in from outside to maintain law and order.

The police version of how the woman, Gladis de Estal, was killed, claimed she was fatally injured when demonstrators tried to grab a policeman's gun. One Press report yesterday quoted witnesses as saying a policeman hit the girl with the butt of his gun, and, when insulted by her, fired at point-blank range.

Kreisky begins fourth term

VIENNA — Austria's Socialist Government, headed by Chancellor Bruno Kreisky was sworn in by President Rudolf Kirchschlaeger yesterday to serve for a further four-year term.

The 18-member Cabinet was unchanged following the general election on May 6, in which the Socialist Party gained a seven-seat parliamentary majority over the combined opposition.

Dr. Kreisky has been in power for nine years, and this is the fourth cabinet he has led, following previous election victories in 1970, 1971 and 1975.

Reuter

South Korea

A table in the FT survey of South Korea on April 2 inadvertently suggested a link between Ssangyong Industrial Company and ICC Corporation. The two companies are in no way associated and we apologise for the error.

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THE MADISON

France facing 'continued increase in unemployment'

BY DAVID WHITE IN PARIS

A CONTINUED increase in unemployment is the most worrying of the economic prospects facing France between now and 1985, according to a Press report of a confidential "scenario" prepared by the Government statistics service INSEE.

The initial projections shows a job reduction of 650,000 between 1978 and 1985, thanks partly to productivity gains, which are expected to be greater than before the oil crisis. During the same period, the labour force is expected to increase by nearly 2m.

This suggests that the total of people who may be looking for a job in 1985 will be 3.7m, more than twice the current level of registered job-seekers.

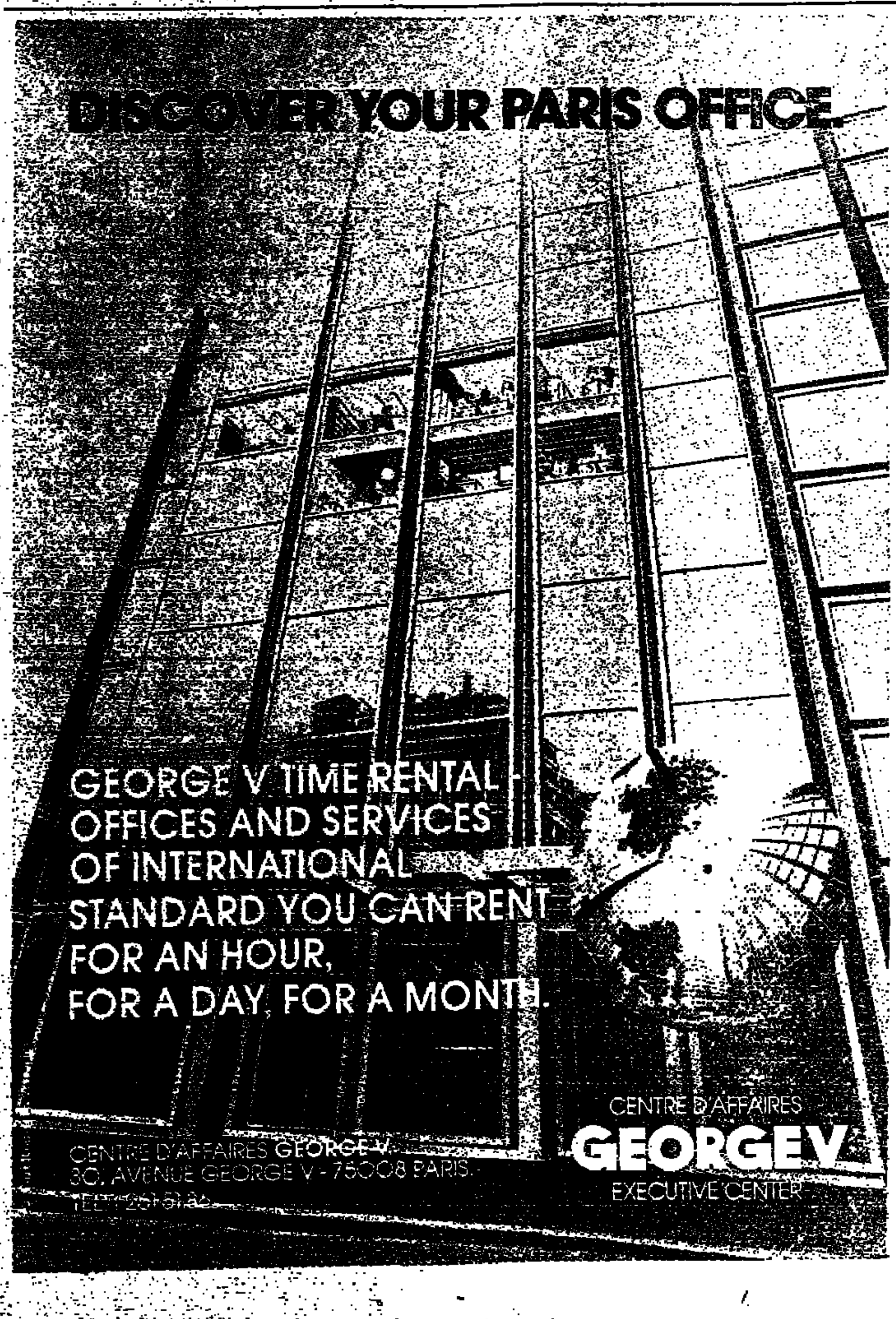
The projections for inflation show a progressive slow-down in consumer price rises, from 8.3 per cent in 1979-80 to 5.5 per cent in 1984-85, with an average of 7.2 per cent over the period. This assumption is based on a slow growth among France's main trading partners and an average inflation level dropping to 5.2 per cent a year.

Real disposable income is expected to increase by 3.7 per cent a year, picking up after a slower rate of 1.8 per cent this year, when families are facing increased social security payments.

UNEMPLOYMENT in Belgium fell to 285,851 at the end of May from 289,675 a month earlier. This compared with 276,743 people out of work in May last year, the Labour Ministry said, Reuter reports from Brussels.

A Ministry spokesman said the May percentage figure for unemployment was not yet available, but 7.2 per cent of the working population were without jobs in April, and 6.9 per cent in May last year.

Nominal hourly wages are projected as rising by an average 10.9 per cent a year, or 3.7 per cent in terms of purchasing power, and real earnings in the farm sector are expected to rise at a faster rate of 5.8 per cent a year.



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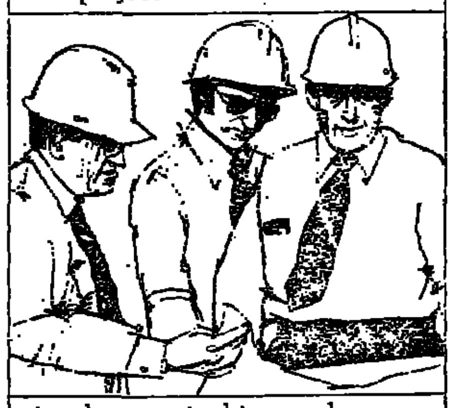

involvement in this complex aspect of finance is only matched by the skills we can bring to bear. Among major projects in which we have been involved are a large shipyard development in the Republic of Korea, an iron ore mine in Brazil and an aluminium smelter in Dubai.

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David Marsh examines the implications of the Bonn-Brussels currency row

Europe's monetary link showing strain

THE ROW between West Germany and Belgium over the running of the European Monetary system has exposed the basic strain behind this scheme to set up a zone of stable currencies in Europe.

Belgian allegations that the Bundesbank's dollar intervention tactics have provoked strains in the system have been followed in the past few days by the fall both of the Belgian and Danish currencies to their lowest permitted levels within the scheme against the D-Mark.

The Bundesbank, the dominant force in the running of the system, has given a clear signal that its priorities for managing the exchange rate of the D-Mark remain firmly geared to holding down German inflation rather than maintaining stability in the EMS.

With speculative funds already starting to move into the D-Mark in anticipation of a revaluation, the disagreement over the Bundesbank's intervention policy provides a foretaste of a more serious conflict in EEC ranks.

This is almost certain to break out this summer as pressure builds up for a first realignment of EMS currency parities.

The present controversy centres on the effect of recent heavy Bundesbank dollar sales on the Belgian franc, which since the EMS was set up two-and-a-half months ago, has consistently been the scheme's weakest member.

Over the past few months, the Bundesbank has been intervening strongly to prevent the dollar rising too much—out of a desire to keep German import prices, and thus inflationary pressures, as low as possible.

Belgium has protested that the Bundesbank's action has aggravated the weakness of the franc and turned the currency into the EMS's No. 1 devaluation candidate.

Germany hardly has an interest in seeing tensions developing in the scheme.

But for the Bundesbank, it is of only secondary importance that heavy support for the D-Mark within a few weeks, has helped the German currency rise from near the bottom of the system to its upper limit against not only the Belgian franc but also the Danish krone.

Both the Belgian and the Danish central banks have been forced into defensive intervention to shore up their currencies.

The weakness of the franc has compelled the Belgians to make two increases in their bank rate over the past month—in the teeth of a domestic economic slump.

But Belgian protests about the Bundesbank's action have fallen largely on stony ground.

In private, West German officials take the view that the Belgian authorities—who have not decided a formal devaluation of the franc since the war—brought the currency into the EMS at an over-valued rate, so it is hardly the Bundesbank's fault if devalution pressures now start to emerge.

Nonetheless, the disagreement shows that European central banks still have a lot to learn about an aspect of the system which EEC heads of government last December expressly pointed out is vital to its durability—the co-ordination of their intervention tactics vis-à-vis the dollar.

One of the reasons put forward by President Giscard of France and Herr Helmut Schmidt, the West German Chancellor, for launching the EMS was to protect European currencies from the effects of gyrations in the dollar rate.

It is an irony not lost on the central banks charged with operating the scheme that its setting up has—if anything—magnified the way European currencies react to exchange rate movements on the other side of the Atlantic.

The episodes with the Belgian franc and Danish krone also provide ample illustration of the inevitabilily of periodic tension in any system of semi-fixed exchange rates linking the D-Mark to higher-inflation European currencies.

The experience of the European "snake" mechanism, illustrated in the chart, has shown that exchange rate realignments—either in the form of a revaluation of the D-Mark or a devaluation of the weaker currencies—become necessary at fairly regular intervals, as a result of speculative movements of funds into the German currency.

The "snake," the predecessor of the EMS, in the end linked only Germany, the Benelux countries, and Denmark. The pattern of instability is likely to be increased by the inclusion in the EMS of the speculation-prone, double figure-inflation currencies of France and Italy.

The Bundesbank's fundamental view is that adjustments of exchange rates should be undertaken as speedily and with as little fuss as possible, as soon as it is clear that rates have become unrealistic.

In this way, the central bank hopes to avoid major bouts of unrest and heavy flows of speculative capital into Germany.

It is highly improbable, for a number of reasons, that the EMS partners could ever co-ordinate their policies sufficiently to agree pre-emptive exchange rate adjustments that anticipate, rather than are forced by, market pressures bank officials are the first to admit.

First, the larger membership and more complex nature of the EMS compared with the "snake" system not only will lead to more frequent pressure for parity adjustments. It will also make agreement on realignments even more complicated and tortuous than in the "snake."

Working out valuation changes among seven or eight different currencies, interlinked in a mechanism whose complexity goes far beyond that of the old fixed-rate Bretton Woods system, is a technical nightmare.

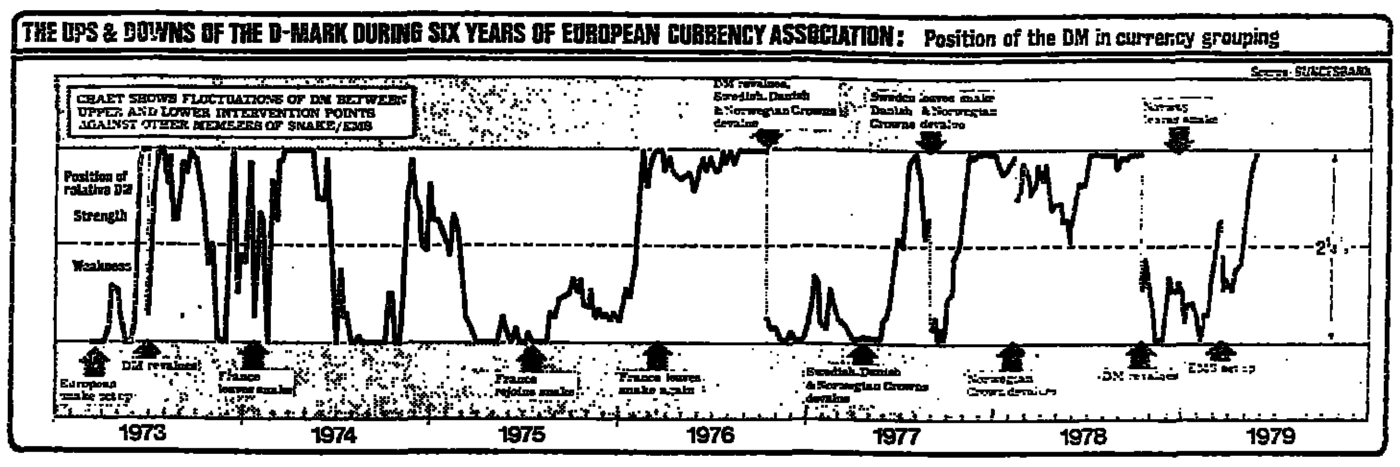
Second, the Bundesbank fears that the larger volume of credit facilities available in the EMS compared with the "snake" system, will embolden governments whose currencies come under pressure, to try to ride out the tug-of-war with speculators rather than deciding prompt devaluations.

Political pressures against devaluations, especially in France, where the Gaullists have attacked as a "capital error" the decision to re-link the franc with the D-Mark, add to the risk that countries will be unwilling to make timely changes in parities.

The Bundesbank can hardly complain if the rest of Europe, after years of listening to German lecturing on the benefits of stability policies and exchange rate discipline, now take the supreme Bundesbank fear Federal Republic at its word and try to keep their currencies as strong as possible.

This also, of course, begs the question whether Germany will be willing to undertake D-Mark revaluations off its own bat, if other countries refuse to devalue their currencies—something the Bundesbank feels the Government may have to be prepared to do more often than was the case under the "snake."

THE UPS & DOWNS OF THE D-MARK DURING SIX YEARS OF EUROPEAN CURRENCY ASSOCIATION: Position of the DM in currency grouping



Another consideration is that decisions on parity adjustments may be held up by disagreement within the EEC on matters which basically have nothing to do with the EMS.

Bickering over the Common Agricultural Policy, which delayed by two-and-a-half months the formal introduction of the monetary system at the start of the year, is put forward as an example of this type of additional complication.

It prompted Dr. Otmar Emminger, Bundesbank president, to make his celebrated remark two months ago that the central bank had the right, in the case of extreme currency unrest, to suspend its intervention on the foreign exchange market if agreement on parity adjustments were held up.

A consensus among the central bankers operating the scheme and the commercial banks playing their hand against it, is that the first real bout of currency strain within the EMS will come to the surface fairly soon, with many observers tipping a realignment in the late summer or autumn.

Vorster sacrifice expected to defuse Muldergate

BY QUENTIN PEEL IN JOHANNESBURG

SENIOR NATIONAL Party leaders in South Africa are confident that the sacrifice of Mr. John Vorster, the State President as a result of the Information Department scandal, will silence further political demands for retribution over the affair.

Observers now believe that Mr. P. W. Botha may call a general election within the next 12 months to consolidate his position, and to minimise any continuing effects of the scandal on his regime. But the consensus among National Party officials is that Mr. Vorster's resignation has already been substantially discounted, and will not unduly trouble the Botha Government.

The Prime Minister faces an immediate test in a by-election at Randfontein, former constituency of Dr. Connie Mulder, the disgraced former Information Minister. The result there, and in three more forthcoming by-elections will be a significant factor in determining the timing of a national poll.

If Mr. Botha is confident that he will not lose more than a handful of urban seats, then he may go for an early election to wipe the slate clean.

The major problem facing Mr. Botha is not how to win electoral support, for he has three years to run on the mandate which Mr. Vorster won in November 1977. Rather he must concentrate on consolidating his leadership within the National Party, where the departure of Dr. Mulder, spiritual leader of the Right-wing, followed by that of Mr. Vorster, has left deep strains.

As soon as a new President is elected—the favourite is Mr. Louwrens Muller, Minister of Transport—Mr. Botha will be in a position to organise a major reshuffle. The most significant newcomer must be Dr. Andries Treurnicht, the successor to Dr. Mulder as leader of the party in Transvaal province, its most powerful wing.

He is equally the high priest of the Right-wing, but his addition to the Cabinet would to some extent neutralise his power to organise dissent. Although Mr. Botha is not a committed member of the "enlightened" wing of the party, his power base in Cape Province has tended to put him in that camp.

Four under investigation after Erasmus

BY OUR JOHANNESBURG CORRESPONDENT

THE EXTENT of corruption practised by participants in South Africa's Muldergate scandal—quite apart from the international propaganda campaign and payments fund they operated—has yet to be clearly identified, but four men are under investigation for alleged fraud and theft.

The four: Dr Eschel Rhoodie, the former head of the Information Department and paymaster of its secret funds, his brothers Deneys (his deputy at the department) and Professor Nic Rhoodie, and Mr Jan van Zyl Alberts, a pillar of the Afrikaner business establishment, received several hundred thousand rands from the former Information Department between 1974 and 1978. The Erasmus Commission concluded that a large number of payments provided a prima facie case for prosecution for fraud and theft.

Dr Eschel Rhoodie fled South Africa last November, and has refused to return, in spite of having his passport suspended. His brother Nic, a front man for secret projects, was discovered to have left the country last night when police called to confiscate his passport.

The finances of the four men were so complex, that the Erasmus Commission had to employ a full-time accountant for four months in attempting to unravel the accounts of Mr. Alberts alone. He was found to have been used as a channel for more than R16m of secret funds, for projects ranging from the secret financing of To The Point magazine to films for black audiences, in the four-year period.

The commission added up all the money he had received in honoraria, consultation fees, commission on state funds invested and profits he retained from investments of secret funds, to a total of R338,465. Moreover he admitted deliberately creating an impossible tangle of his own finances and state funds to prevent the secret funds ever being traced.

Mr. Alberts was the key front man in the entire operation; he was managing director of To The Point, and subsequently of the other publication secretly financed by the Government, The Citizen. But he was also a close friend and associate of both Mr. Vorster, the Prime Minister, and General Hendrik van den Bergh, the head of the Bureau of State Security, for all three men were interned together during the Second World War for pro-German sympathies. The commission concluded that there was prima facie "extensive misappropriation by Alberts of state funds under his control . . . the commission is of the opinion that the misappropriations point to theft and fraud."

The bank accounts of the Rhoodie brothers, and Dr. Eschel Rhoodie's wife, were not quite so complex, but still included large numbers of unidentified transactions into and between the accounts.

Dr. Rhoodie himself paid in more than R416,000 over the period, more than R123,000 of it in cash, when he was never earning more than R1,146 net a month. Professor Nic Rhoodie paid almost R215,000 into his accounts over the period, and the commission found that at least R115,000 was in payment for the various commissions he carried out for his brothers both writing for front publications, and organising conferences. Professor Rhoodie made several "interest-free loans" to his brothers.

The commission could not identify the source of the cash transactions but did trace several cheques drawn on the secret funds of the Information Department as "payment for anonymous collaborators" which were paid directly into Rhoodie accounts. It said that it had "strong suspicion . . . that the hand of the one Rhoodie had washed the hand of the other Rhoodie," and the actions of all three pointed to fraud and theft.

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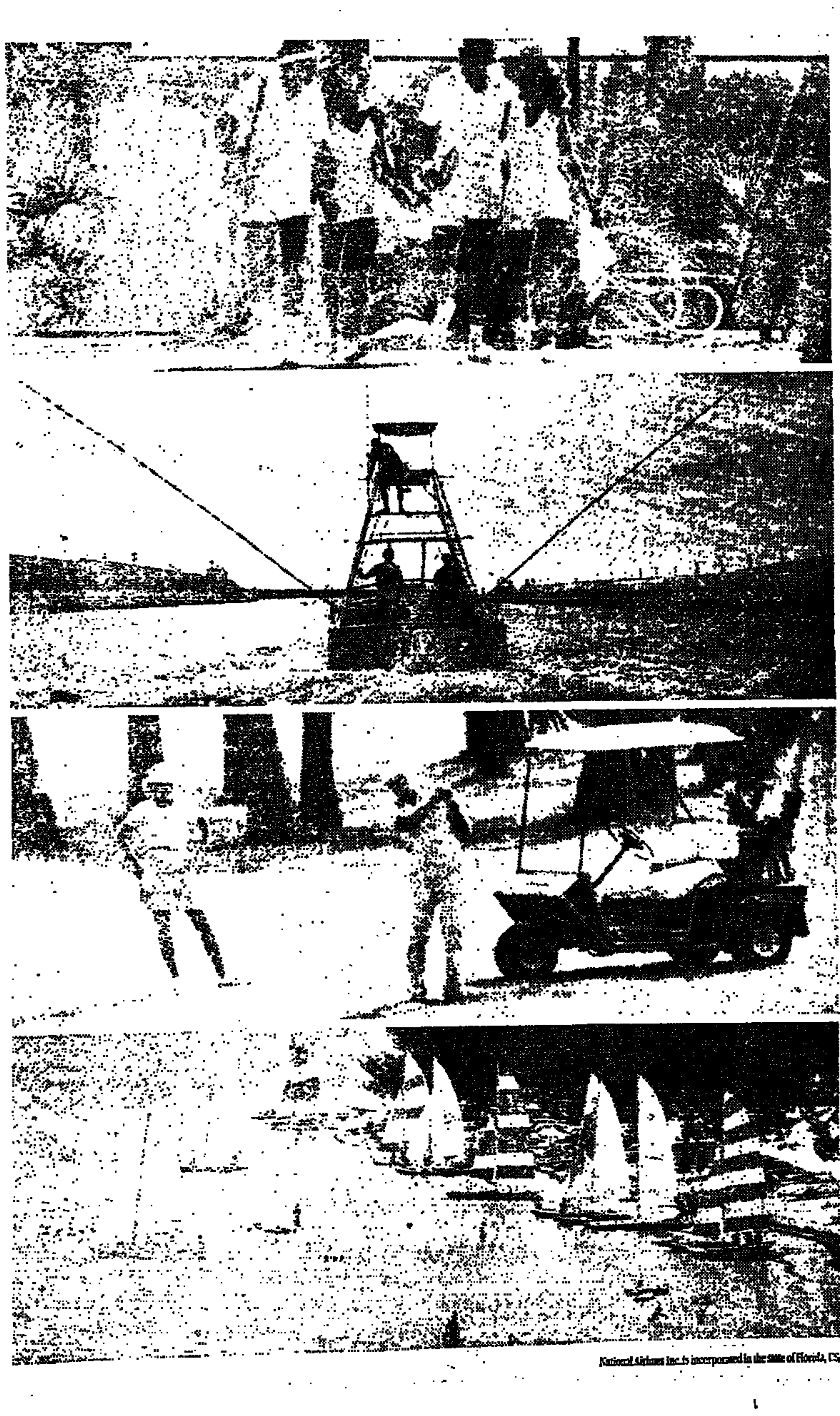

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Lessons for UNCTAD on rich-poor talks

THE DELEGATES have departed, the waste paper business is booming, and it is now time for the post-mortem on the fifth UN Conference on Trade and Development (UNCTAD V).

Most reports of this gathering, at which the poor confronted the rich with their latest demands, have indicated a disappointing outcome.

The few agreements reached have been contrasted with the time, energy and money expended by 5,000 delegates during their month here, not to mention the preparatory meetings and conferences.

Judged by its own grandiose objectives, UNCTAD V was a failure. But strip away the UNCTAD organisation's bombastic assumption that conferences and bureaucracies can initiate revolutions in the world economic order, and it is clear that the Manila meeting was not a complete waste of time.

It produced resolutions, agreed by all nations, on some important world economic problems.

It showed up some of the real as well as rhetorical economic concerns of both developing and developed countries, and taught some new lessons in the conduct of rich-poor, North-South negotiations, and about the procedures and organisation of UNCTAD itself.

Resolutions apart, it is impossible to measure the value of UNCTAD, whether embodied as a permanent organisation in Geneva, or in its periodic embodiment as a vast meeting of nations, as at Manila.

These meetings are designed to set the political framework, for the next three to four years, of the work of the Secretariat, and of the numerous other bodies, where relations between developing and developed countries are discussed.

UNCTAD is valuable as the only international economic organisation really trusted by the poor majority. It is run on one-country-one-vote principle and the poor nations control it.

Superficially, UNCTAD adopts a confrontationist procedure to rich-poor relations. Both sides—Group B representing the capitalist rich and Group 77 the poor—present rival, usually contradictory resolutions.

The idea is that from thesis and antithesis, a synthesis must be negotiated.

Its worth lies in the acceptance of the fact that no resolution is worth much until it has the support of both camps.

The main achievement of UNCTAD V was a commitment by the developed world on the issue which excited most interest here: protectionism and "adjustment."

The developed countries accept the need to avoid protectionist measures against the products of developing countries.

They accepted the need for adjustment of their own industries to take account of the growth of productive capacity in developing countries enjoying lower labour costs and other advantages.

The resolution on these issues was significant because it was made possible by a flexible approach shown by those countries most concerned about developed country protectionism—the newly industrialising middle-income developing nations.

UNCTAD V's Manila meeting will ultimately be judged on the follow-through on the two issues it identified: Helping maintain an open trade system during a time of world economic disturbance and substantially increasing aid to the poorest countries, PHILIP BOWRING reports.

Pressing for a harder line, which was unacceptable to the developed countries, were some African and Arab States which are badly affected by protectionism.

The developing nations had originally demanded supervisory and surveillance machinery which, in the view of the developed countries, compromised national sovereignty and undermined established GATT procedures.

From the point of view of developed countries, the agreement on protectionism was also important because it played a part in heading off a revolt by developing countries.

This was against the almost-concluded Tokyo round of multi-lateral trade negotiations which reduces tariffs and sets new rules for non-tariff trade barriers.

A movement was afoot for developing nations to refuse to sign the new accords. Now the developed countries have given assurances that they will try to achieve some last-minute improvements in the trade pacts.

The second area where UNCTAD V made progress was in agreeing special measures to help the least developed countries.

Though these measures were still couched in general terms, the resolution effectively commits Group B countries to increase the proportion of their aid going to the poorest.

The resolution is also important because of its recognition that different levels of development exist within the Group 77 countries which require different responses from the rich.

To try to avoid splits, Group 77 countries have in the past tended to insist that all be treated equally.

Agreement was also reached at Manila on a resolution to promote economic co-operation between developing countries. This was a significant signpost to the fact that, with some developing countries growing very quickly, economic relations can no longer just be seen in North-South terms.

UNCTAD's most blatant failure was to achieve a consensus resolution on the subject at the top of its agenda: an evaluation of the world economic situation and the steps needed to bring about a new international economic order.

This was the forum for appearance of the energy issue and the first public disagreements within group 77 on the question. Energy had been kept out of the agenda to avoid offending OPEC.

Eventually, the Algerian spokesman for group 77 seemed happy to see the subject dropped because of the threat of the oil issue seeping in.

In contrast, genuine disappointment arose on both sides that no progress at all had been made on monetary and financial issues.

One reason was that Group 77 was stubbornly united in opposing interference in the IMF which is already studying new and improved financing methods.

But most agreed that progress towards new machinery to help countries which needed debt relief should have been forthcoming.

Another loser has been OPEC. In the end, it kept energy out of the agreed texts; but probably for the last time and at the cost of considerable sympathy.

Otherwise, Group 77 maintained its unity at Manila. But it was difficult. Underlying strains, on both geographical and income bases, were close to the surface. Group B showed more unity than ever before.

The East European and China bloc continued to get away with the fiction that they have no economic responsibility for the economic state of the world.

For the future, it is becoming increasingly clear that the group negotiating system is clumsy. But what can be done about it is hard to see, given that the underlying premise of UNCTAD is that the world is divided into only two main camps.

If Group 77 had had a sharper focus, they would almost certainly have got more.

As it is, the Manila meeting will ultimately be judged on the follow-through on the two issues it identified: Helping maintain an open trade system during a period of world economic disturbance, and substantially increasing aid to the poorest.

Anti-American feeling on increase in Tehran

BY ANDREW WHITLEY IN TEHRAN

OVER 150,000 IRANIANS marched through the streets of Tehran yesterday in a show of solidarity with Ayatollah Khomeini. The march, called at short notice to mark the anniversary of the 1963 uprising against the Shah, passed off peacefully despite widespread fears of clashes between rival groups.

The current tide of anti-American feeling in Iran was reflected in many of the huge crowd's banners and slogans. On the eve of the march, the Iranian Government took a further measure to show its displeasure with the Carter Administration by asking for the appointment of Mr. Walter Cutler, the Ambassador-designate, to be withdrawn.

In response the United States appears to be digging its heels in, prepared to allow relations to remain at the charge d'affaire level for the time being. The State Department said in Washington on Monday it "had no plans to withdraw Mr. Cutler's name or assign him elsewhere."

Among the banners held aloft by the demonstrators, marshalled carefully into groups of several hundred, was one which read: "United States: get your goddamn hand off Iran or get our answer with hot bullets." Others called for the United States to leave the Middle East, while rhythmic chants announced in advance by the organisers included "Palestinians victorious. Israel destroyed."

A resolution read out to the throng declared full support for Khomeini's leadership. It also called for the speeding up of purges in the civil service and the proceedings of the revolutionary courts.

In a speech to a large crowd in the holy city of Qom, Ayatollah Khomeini vehemently defended Islam as being the only basis for the Iranian state as well as the role of the clergy within it. He accused opponents of Islam of leading the people astray.

Tehran radio reported hundreds of thousands of demonstrators from other towns and cities all over the country, an indication of the continuing sway of the national religious leader despite the open criticism now being heard among many middle class people.

The demonstration in Tehran was unusual for its homogeneity, being made up overwhelmingly by labourers and their families. Revolutionary guards accompanied the detachments as they made their way from over a dozen starting points to the city's main central square.

NIOC denies contract-cutting for profit

BY OUR TEHRAN CORRESPONDENT

MR. HASSAN NAZIH, chairman of the National Iranian Oil Company, yesterday reacted angrily to allegations by a U.S. congressman who said that Iran was reducing agreed contract volumes so that it could sell more on the spot market at higher prices.

Acknowledging for the first time that Iran was engaged in a programme of supply cutbacks, Mr. Nazih said NIOC was trying to persuade its customers to take a little less than the amount agreed on so that it could satisfy other requests for contract purchases.

Cuts were made in the original agreements "only after complete understanding is reached," he said, but his assertion is viewed with some cynicism by foreign diplomats involved in the negotiations here.

The NIOC chairman justified the sharing out of available volumes from Iran on the grounds of current world shortages of crude oil. He said there was no question of cheating. Reducing consignments was not done so as to raise the price of oil on the spot market.

According to Tehran radio, Mr. Les Aspin, a Democratic Congressman from Wisconsin, charged the Iranian Government with cheating on its oil contracts so as to force up the world price of oil.

In turn, NIOC has been complaining privately for weeks that some of its contract customers, purchasing oil at the current price of approximately $18 a barrel were reselling quantities on the spot market at $35 a barrel. The complaints came into the open on Sunday when several unnamed Japanese companies were accused of reselling Iranian oil in breach of contract.

Most private and state oil companies dealing with NIOC are known to have had to accept much less than was originally agreed, sometimes even after the signing of the heads of agreement document.

BP, for example, is believed to have been cut back from 1.4m barrels a day to 450,000 b/d. Petrobras of Brazil was forced to take 150,000 b/d after agreeing on 200,000, the same level as its previous year's purchases. For the smaller state oil companies in particular the changes in terms from Iran have been disruptive.

Of the majors formerly represented in the consortium, Iranian Oil Participants, only Mobil has so far not re-signed with NIOC, despite protracted negotiations. The independents from the former consortium without new supply agreements are believed to be Conoco, Getty, Sohio and American Independent.

Four medium American oil companies purchasing crude oil from Iran for the first time are Mapco, Sun, Marathon and Amerada Hess. In the three months since the resumption of oil exports from the world's former number two supplier, contracts have been signed with more than 50 foreign oil companies.

Japan-Indonesia oil pact likely

BY RICHARD C. HANSON IN TOKYO

JAPAN is expected to reach an agreement with Pertamina, the State oil company of Indonesia, on joint exploration and development of oil fields, during an official visit to Tokyo by President Suharto of Indonesia. The President is due to arrive today.

The Japanese, led by the governmental Japan National Oil Company, are negotiating to establish a new company to co-operate in exploration with Pertamina.

The company, probably with the help of the Export and Import bank of Japan and commercial banks, will finance the exploration.

The cost of exploration and development could reach about $160m. Negotiations have been going on for several months. Private Japanese oil companies will join JNOC as participants in the venture.

During the last fiscal year, Japan obtained 13 per cent of its oil imports from Indonesia, against a 13.82 per cent share in fiscal 1977, as imports from China increased and Japan's total imports actually declined.

Since the mid-1960s, Japanese companies have been involved in a production company in Indonesia, the Indonesian Oil Company, which supplies much of the exports from that country to Japan.

Final details of the exploration pact are being worked out. The Japanese are confident that the areas to be explored are promising. The output would find its way to the Japanese market.

President Suharto will be accompanied during his five-day visit by Prof. Widjojo Nitisastro, Minister of State for Economic, Financial and Industrial Affairs.

Since Indonesia devalued its currency drastically late last year, Japanese business has been clamouring for measures to ease the economic impact on Japan's numerous joint ventures there. The Indonesians have apparently responded positively to some aspects of a strongly-worded letter from Keidanren, the powerful Japanese business organisation.

The letter was sent earlier this year, and the Indonesians have given some tax incentives to the jont ventures hit by revaluation. President Suharto will meet Mr. Toshio Doko, the Keidanren leader, later this week.

The Indonesian leader is making the visit in response to an invitation extended by Mr. Takeo Fukuda, the former Japanese Prime Minister, during a 1977 tour of South-East Asia.

Mr. Masayoshi Ohira, Japan's Prime Minister, and President Suharto will exchange views on Asian affairs, including the armed conflicts in Indo-China, the refugee problem, and economic co-operation between Japan and the Association of South-East Asian Nations (ASEAN).

China hints at thaw with Russia

BY COLINA McDOUGALL

PEKING'S readiness even to consider the Soviet proposal to hold talks in July or August on normalising relations is the first real hint that a slight thaw in the freeze of nearly 30 years may be on the way.

The conclusion of the SALT agreement and the general lack of response in the West to Peking's dire warnings of the military threat from the Soviet Union may have influenced China to adjust its policy and put pressure in a new way on the U.S.

Alternatively, having achieved its objective in normalising relations with Washington, which was assisted by its hard-line on Moscow, Peking may simply have moved on to the next step.

That would not necessarily represent a whole-hearted swing to the Soviet bloc, but a redress of the lack of balance in China's attitude to Moscow in recent years.

Perhaps, even more important is the aftermath of the Vietnam war, in which Peking is faced with defending two frontiers instead of one. To have to keep up a defence along both the Sino-Soviet border and the border with Vietnam might seriously harm China's modernisation plans.

While Peking's foreign policy since Chairman Mao died has clung in public to his line that Moscow was the main threat to world peace, there have been signs that some in the Peking leadership might be reconsidering. One was the rehabilitation of the former Defence Minister, Peng Dehuai, sacked by Mao in 1959 for, among other things, advocating close relations with Moscow.

Another was the publication of an article on Sino-Soviet relations in a left-wing Hong Kong newspaper believed to air the views of Vice-Premier Deng Xiaoping. The article said that the tension between China and the Soviet Union had already lessened and that the dispute between the two Communist parties had ceased.

It added that the realisation of the four modernisations was China's greatest interest and, with them in mind, it was necessary to improve relations with Moscow.

In the reappraisal of China's economic plans, in progress since December, some leaders may have realised that the Soviet Union represents a source of technology almost as useful as the West. Sino-Soviet trade rose by nearly 30 per cent last year from roughly $342m in 1977 to $529m. Current Chinese purchases are reported to include much-needed power generation equipment.

While the Chinese have explored numerous sources of Western technology and have accepted, though not drawn on, credit and loan arrangements, they have actually committed themselves to few long-term contracts.

There must also be disappointment in Peking at the collapse of textile negotiations with both Europe and the U.S., in which they had hoped to secure large quotas to help pay for their proposed imports. The difficulty of selling their light industrial products in the West might be a factor in turning them towards the Soviet Union again.

Moscow feels hemmed in

BY DAVID SLATTER IN MOSCOW

BOTH the Soviet Union and China are interested in large-scale barter agreements and trade could blossom in the right atmosphere, but the chances of anything developing soon are remote because ideological wounds, reopened by the Sino-Vietnamese clash, are still painful.

While the early July-August date suggested by the Russians for talks was something of a surprise, their positive response to the Chinese overtures was not. Moscow has consistently claimed to be ready for talks and to have refused now would have been a propaganda defeat.

The Russians feel hemmed in at the moment. NATO is talking about the Soviet threat and taking measures to increase its preparedness. Japan seems to have lost much of its interest in the Soviet Union as it seeks stronger ties with China. China, itself, with its new expansive spirit and fresh appetite for Western technology and arms has tightened the ring.

The Russians would like a hard and fast notion of the limits of the new relationship with Peking. Ideally this would include an agreement on force levels on the long Sino-Soviet border where 43 Soviet divisions, a quarter of the army's strength, are stationed. The Russians would also like a resolution of the nagging border dispute between the two countries over 34,000 square miles of territory.

Trade between Moscow and Peking has continued even at the height of the mud-slinging. The Russians supply machinery, power equipment and lorries to the Chinese and import bristles, fruit and clothing. Last year two-way trade rose by 37 per cent.

Martin Dickson assesses prospects after the junior officers' coup

Ghana's new uncertain element

THIS WEEK'S coup in Ghana is extraordinary, even by the standards of a country which has suffered persistent political and economic crises ever since independence in 1957 — and which has since then, grown immensely disillusioned and demoralised.

The coup, which seems to have replaced the military Government of Gen. Fred Akuffo with an unidentified Revolutionary Council from within the armed forces, comes a mere two weeks before crucial elections. These are to choose the country's first civilian Government since 1972, when the army, then led by Gen. Ignatius Acheampong, seized power from the elected Government of the late Dr Kofi Busia. Gen. Acheampong was himself overthrown in a palace coup last July.

Contrary to what might be assumed, the men who have now seized power are broadcasting assurances that they do not intend to cling to power and want the elections to go ahead as planned.

If the new rulers do not stick to this promise, the consequences for Ghana would be extremely grave. Firstly, the army is immensely unpopular after seven years of political and economic mismanagement, and this could be manifested in civil unrest.

Secondly, the prospect of civilian rule has offered Ghana a degree of political purpose after years of drift and the loss of this would be the severest blow to its morale.

Thirdly, and arguably most important of all, Ghana desperately needs a firm hand controlling its shattered economy, trying to bring it back to a semblance of normality.

The Akuffo Government had started charting a sensible road back to recovery and the hope remains that an elected civilian Government will follow in its footsteps.

The indefinite postponement of civilian rule could, therefore, greatly increase the possibility of violent conflict in a western-leaning nation, which is not of great strategic importance, but is much admired for the hitherto peaceful and friendly nature of its people.

But the fate of civilian rule will not become clear until it is known just who has seized power and their motives for doing so.

The position in Accra remains highly confused, but seems to have been a take-over by junior officers and NCOs.

The first sign of trouble came in mid-May, when elements of the air force, led by a mysterious Flt.-Lt. Jerry Rawlings, botched a coup.

Rawlings was arrested, but was freed this week by other members of the armed forces and went on to stage the successful take-over.

The only hint about motives given by the new rulers is that they wanted to end the "hypocrisy" and maladministration of the Akuffo Government.

Against this background, one theory in London yesterday was that the coup leaders had been distressed at the prospect of senior soldiers, long associated with the mismanagement of the Acheampong years, retiring honourably with the return to civilian rule.

According to this theory, impetus may have been given to their action by the Akuffo administration's harsh punishment of Gen. Acheampong.

After being detained since last July, it was announced several weeks ago that he had been dismissed from the army with ignominy, stripped of his property, and banished to his home village.

Whatever their motives, the coup leaders have injected a fresh element of uncertainty into the civilian rule programme, which has been characterised throughout by appalling muddle.

First, it was Gen. Acheampong who brought political tensions to an intolerable level by foisting "Union Government"—a form of civilian-military power-sharing—on an unwilling population.

When he fell, the Akuffo Government backed away slowly from Union Government and towards a U.S.-style Presidential contest.

But there have been endless rows over the form of the constitution, the banning of many former politicians from elective office, and the number of parties allowed to run.

Amid the general confusion, most of Ghana's parties recently asked Gen. Akuffo to delay the handover date from July 1 to January 1 next year. He refused, but the new rulers might be more responsive to the idea.

Enthusiasm for the whole electoral process had been dampened by the country's grave economic difficulties, which mean that the average Ghanaian is no better off now than in 1957.

At the heart of the problem lies falling production of cocoa, Ghana's main foreign exchange earner, and failure to diversify into other crops.

Cocoa production is now down to about 250,000 tonnes a year, the lowest since 1958. Reasons for the decline include the age of trees, and poor producer prices. Ghana, which once produced more than 30 per cent of the world's cocoa, now produces less than 20 per cent.

On top of this long-term problem, the Acheampong years saw grave economic mismanagement, most notably in staggering deficit financing, which pushed inflation to over 100 per cent, where it stubbornly remains.

When the Akuffo Government took over, it pushed through a much-needed package of economic reforms. The budget deficit was slashed, the producer price of cocoa was doubled, and the Cedi was devalued by more than 50 per cent.

Last March, it changed all old Cedi notes for new ones in a controversial operation designed to reduce liquidity and eliminate illegal holdings outside the country.

The broad thrust of the Government's policy was given the endorsement of the IMF when it granted Ghana $98m in loans.

But it was a policy which would take several hard years of rigorous implementation to produce a degree of economic normality.

With the new coup, it is hard to see where Ghana will be one week from now, let alone several years.

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Control of oil spot market suggested to Carter

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE TOKYO economic summit later this month must take "binding decisions" on energy policies, possibly including recourse to controls over purchases on the Rotterdam spot market, M. Jean François-Poncet, the French Foreign Minister, declared here yesterday.

In particular, he suggested that nations agree to place ceilings, as France does, on the price of the oil they import.

Control of the spot market, combined with real conservation measures, he said, could much improve relations between the West and the producing countries. "The possibilities of co-operation are blocked by our behaviour," he observed.

M. François-Poncet said he was encouraged by the U.S. attitude towards such moves that he had discerned in his talks here over the last two days with President Carter and other senior Administration officials. His colleague, M. André Giraud, the Industry Minister, is also engaged on parallel and more detailed negotiations.

The Foreign Minister certainly sought to take some of the tension out of Monday's sharp exchanges over the issue of the dollar's "entitlement" (or subsidy) being paid by the U.S. for the import of diesel and home heating oil.

Bidding

This had prompted Dr. James Schlesinger, the U.S. Energy Secretary, to charge that it was aggressive European bidding for oil on the spot market, not the U.S. action, which had forced up Rotterdam prices.

M. Jean François-Poncet who agreed in Washington yesterday that the current situation in the Middle East was a serious factor affecting the pricing of oil on the spot market. Some control on this market, combined with real conservation measures could improve relations between the West and the producing countries, he added.

In addition, though the Foreign Minister insisted on Monday and again yesterday that energy had been the focus of his negotiations, the White House just as adamantly argued that Middle Eastern policies (specifically the lack of French support for the Egyptian-Israel agreement) had predominated.

M. François-Poncet acknowledged that Middle Eastern political realities were clearly a factor in the current energy crisis. But he declined to criticise the approach of the U.S., merely saying that France had a "different analysis" of the shape of a Middle East settlement.

These issues, particularly energy, are to be taken up again tomorrow when Herr Helmut Schmidt, the German Chancellor, confers in the White House with President Carter. There were reports here, denied by the German embassy, that Herr Schmidt was discomfited by the fact that Mr. Carter has found time only for a single face-to-face luncheon meeting.

Support

If M. François-Poncet is right and the U.S. is inclined to support moves to control the spot oil market, then Herr Schmidt could face some tough questioning here. Germany has, out of necessity it claims, been forced to bid for oil in Rotterdam along with South Africa and Israel, whose freedom of choice is even more limited.

Never a man to take a defensive position, Herr Schmidt can be counted on to impress on President Carter the imperative of putting into place an effective energy policy. While declining comment on President Carter's domestic political problems in getting energy legislation through Congress, or even blaming the U.S. for excess consumption, M. François-Poncet noted the global imbalance under which 5 per cent of the world's population in the U.S. sucked in 30 per cent of available oil.

Sohio plans to buy Denver oil company

By Stewart Fleming in New York

STANDARD OIL of Ohio (Sohio), British Petroleum's U.S. subsidiary is proposing to purchase Webb Resources, a small Denver-based oil and gas producing and exploration company and an associated concern, Newco, for shares currently worth around $92m.

Sohio said yesterday that it planned to issue 1.368m shares for Webb and about 354,000 shares for Newco.

Jointly, the two companies have around 1.5m net acres of oil and gas exploration rights in the Rocky Mountain states, partly in what is known as the "overthrust belt" thought to be one of the most promising areas for onshore exploration in the U.S.

Webb currently produces around 1,500 barrels of oil a day and 1m cubic feet of gas. Last year it had sales revenues of $9.7m and net earnings of $2m. The company is quoted on the U.S. over-the-counter market.

The two companies have found it increasingly expensive to explore for oil and gas at great depths and the addition of Sohio's financial resources should speed exploration.

Akrenkiel buys Seatrain ships

NEW YORK—Seatrain Lines will sell four of its Euroclass container vessels to a German company managed by C. F. Akrenkiel GmbH for about $56m.

The company will receive the money over the next 14 months and $32.6m will be applied to retiring an existing debt with Continental Illinois National Bank and Trust now secured by the four vessels.

Inspection after Chicago crash may have caused new stresses in aircraft

Another 20 DC10s grounded

BY OUR U.S. EDITOR

THE Federal Aviation Administration on Monday night ordered a second grounding of part of the fleet of DC-10 airliners registered in the U.S., because of potential problems stemming from last week's first inspection.

According to the FAA, as many as 20 of the 134 DC-10s in service with U.S. airlines are subject to the new order, which was put into effect following a recommendation to the FAA by the National Transportation Safety Board, the independent agency.

At issue is a maintenance procedure used by several airlines both before and after the May 25 crash of an American Airlines DC-10 in Chicago in which the worst civil aviation disaster in this country's history.

This involved the airline simultaneously removing both the engine and the pylon connecting the engine to the wing during inspection. The Board's investigation had found that when the unit was re-installed, a significant misalignment could result, producing other stresses on the engine-wing mount.

The servicing procedure recommended by McDonnell-Douglas, manufacturer of the DC-10, stipulate that the engine should be removed from the pylon before the pylon is itself removed from the wing. However a number of airlines, including American, had been in the habit of removing both elements together. American Airlines said it thought the procedure it was following was perfectly safe.

The board's recommendation to the FAA urged that airlines be ordered to "discontinue the practice of lowering and raising the pylon with the engine still attached."

Meanwhile, a federal judge in Washington was again asked yesterday by lawyers for the Airline Passengers Association to order the grounding of all DC-10s for intensive investigation.

Last Sunday, a similar court plea before a different judge failed, and yesterday the second judge implied in court that he thought he lacked the authority "to tell the FAA what to do." However, he promised a prompt ruling on the case.

Canadian tax promises in doubt

BY VICTOR MACKIE IN OTTAWA

● Miss Flora MacDonald... Canada's first woman Foreign Minister

MR. JOHN CROSBIE, Canada's new Finance Minister, said yesterday that he will not be able to include all the Progressive Conservatives' promised tax cuts in his first budget next October. The Conservatives' promise to allow home owners to deduct their mortgage interest payments and rates from income tax did not have to be incorporated in his first budget, he said.

When reminded that Mr. Joe Clark, the Prime Minister, had promised that the mortgage scheme would be in the first budget, Mr. Crosbie said: "If Mr. Clark made that commitment, then it will be included."

Mr. Crosbie said that his first concern was the battle against inflation, and that he might put off several campaign promises to subsequent budgets. The Tories promised to cut personal income taxes by C$2bn (£400m) for low and middle income earners and allow a tax credit of C$5,000 for investment in small businesses.

Indexing

They also promised more tax credits for research and development, the indexing of the capital gains tax to inflation and inflation accounting for corporate inventories. Mr. Crosbie said he has no plans to change the policy of allowing the Canadian dollar to float on international markets.

Reuter adds: The new Government will stick to its pledge to move the Canadian Embassy in Israel from Tel Aviv to Jerusalem, according to Miss Flora MacDonald, the External Affairs Minister.

No date has been fixed for the move. "We will have to have a briefing on what, and how, and when that can be done," Miss MacDonald said yesterday.

The promise provoked one Arab diplomat in Ottawa to say that if it was carried out, Arab countries would have to strike back at Canada. He did not say how.

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Venezuela power shift confirmed

By Kim Fuad in Caracas

THE LANDSLIDE victory by the ruling Christian Democratic Copei Party in last Sunday's municipal elections has consolidated the most important change in Venezuela's balance of political power in the past 20 years.

In collecting over half of the 4.5m ballots cast—the largest majority since 1958 when democratic rule was restored following a decade of dictatorship—Copei has replaced the social-democratic, Accion Democratica Party as the country's leading political power.

Since 1973, there had been a marked polarisation in Venezuelan voting with Copei and Action Democratica collecting around 80 per cent of votes cast. Both parties are centre-left and strongly anti-communist and lean further left or right as a result of circumstances rather than ideology.

Accian Democratica's 7,000-vote margin over Copei in congressional balloting in December, when Sr. Luis Herrera Campins won the presidency, was obliterated on Sunday, when they won under 30 per cent, almost 1m votes less than Copei.

It was a major setback for Accion Democratica which has won five out of seven freely-held presidential and parliamentary elections since 1946 and dominated Venezuelan politics for nearly 35 years, in power and exile, during the 1948-58 military dictatorship.

The municipal elections were also a triumph for Venezuela's traditionally-divided Left-wing parties which united forces on Sunday to collect nearly 18 per cent of the vote. The dissident Communist, Movimiento Al Socialismo party doubled its December votes, collecting more than 10 per cent.

The switch in political power in Venezuela is attributed to Copei's steady growth since 1958 and dissatisfaction with the previous Accion Democratica administration. In five presidential elections since 1958, Copei candidates have seen their support grow from 15.6 per cent to 46.6 per cent last December and 51 per cent in Sunday's municipal elections confirm this trend.

Copyright battle nears conclusion

BY MAURICE IRVINE IN LOS ANGELES

THE WEEK before "Gone with the Wind" was shown recently on American television, according to Mr. Lew Wasserman, chairman of MCA Inc., there wasn't a blank video tape to be found in Los Angeles stores. By the tens of thousands, Californians were copying the film classic for private viewing on home video recorders.

Mr. Wasserman, whose Universal Studios subsidiary is one of the biggest suppliers of TV films and shows to the world market, says he fears the video-tape recorder will "destroy free television." In conjunction with Walt Disney Productions, MCA has filed suit against Sony Corp., complaining that its Betamax recorder encourages people to violate studio copyrights by taping top money-making movies in their homes.

Wasserman and Disney Board chairman Mr. Donn Tatum are seeking an injunction to halt sales of the Sony product, plus unspecified damages.

"Obviously, if everyone has a copy of "Gone with the Wind," said Wasserman in court recently, "there would be no value in it." MGM (and other film-makers) look on that prospect with horror: MGM's earnings for the first quarter of fiscal 1979 rose 217 per cent to $26m (£12.5m), more than half of that from the licensing of "Gone with the Wind" to CBC-TV. The fee paid by CBS was the largest ever for a single film, and the overall deal for showings will eventually bring MGM $35m.

Sony has invested millions in its Betamax, but the studios' investment in copyrighted films—which make enormous earnings from television, is much greater. So the stakes are high in this landmark case, and the implications for the entertainment industry far-reaching. Indeed, the questions involved, said U.S. District Judge Warren Ferguson rather bleakly as the case opened in Los Angeles, seemed betetr suited for resolution by Congress than in his courtroom.

Judge Ferguson is in process of hearing some 140 witnesses and examining more than 1,000 exhibits, ranging from complex technological documents to a 10-minute clip from "Horse Feathers," starring the Marx Brothers, as recorded on a Betamax.

That widespread "unauthorised" home taping is going on is not disputed. There are more than 800,000 video recorders of all brands in U.S. households the court has been told, and each owner has bought, on the average, 20-30 tapes.

Tape libraries of films on TV are being created and swapped among Betamax owners, said Mr. Wasserman, arguing that it was "only common sense" that this practice would reduce the price networks will pay for first-run movies. Later re-runs of the home-taped shows would inevitably attract smaller audiences.

Producers could eventually be driven out of the TV market since programmes made specially for televison require re-run income before they show a profit and there would be a substantial loss of viewers because of home recording. Ultimately, said Wasserman, there would be a shortage of TV product. Studios might also keep their films off television rather than see thousands of copies made from a single network showing.

"That would spell the end of free TV as we know it," said the MCA chairman. "Management will have to judge—which is more viable: pay television or free television. If you don't want it copied, then you don't put it on."

Mr. Tatum of Disney testified along similar lines, adding that his company had refused all offers from Pay-TV and Cable TV. Pay-TV paid $75m in copyright fees to the studios last year and Disney had discussed deals worth several million dollars, but rejected them because it feared the results of home taping.

Sony, in response, has argued that in fact the Betamax increases the TV audience because the machine allows viewers to record one programme while watching another, or tape TV shows while absent from home. Taping a TV show, claims Sony, is no different from recording a radio programme.

"Both sides make out a good case," says one television industry executive. "But neither of them can prove it. This is a whole new field. No-one can be sure how it will go.

Judge Ferguson's ruling is expected this month, but the case may be pursued through appeals courts for years.

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Japan may offer Mexico cheap credit to aid oil purchases

BY WILLIAM CHISLETT IN MEXICO CITY

PANESE BANKS are studying the idea of making long-term cheap credit available to Pemex, the Mexican state-owned oil corporation, as part of a Japanese package for buying Mexican oil.

Japan is extremely interested in importing Mexican crude, but transport problems and reservations about the price of oil, which is higher than OPEC supplies. Mexico is not a member of OPEC.

Pemex is reported to have been offered $500m to be repaid over 10 years at a straight 8½ per cent interest rate—almost 3 per cent less than current commercial Eurodollar rates. A spokesman for the Export Import Bank of Japan at the Japanese Embassy in Mexico City confirmed that such an idea was being studied, but could not disclose the amount under negotiation.

The thinking behind offering cheap credit to Pemex is that it would be a means whereby private Japanese oil companies could reduce the price differential between OPEC and Mexican oil. Japanese private banks and companies would get cheap finance from the state-owned Export Import Bank because it would ultimately be used to secure oil supplies. The commercial banks would then make that money available to Pemex for oil development at a slightly higher rate but which would still effectively reduce the price differential.

Another problem however is that Mexico's ports are not yet capable of handling large tankers and Japan does not consider it to be in its interest to start importing Mexican crude until they are. Salina Cruz on the Pacific coast is in the process of being enlarged.

Discussions are continuing between the two countries and Sr Jorge Diaz Serrano, the chief of Pemex, will probably go to Tokyo later this month. This meeting is considered to be important.

Japan has to import 97 per cent of its oil needs and ever since Mexico started to announce the discovery of immense oil reserves has shown increasing interest in buying Mexican crude.

A barrel of Mexican oil would arrive in Tokyo at about 40 cents more than a barrel of OPEC oil but Mexico would have the advantage of being a stable, long-term source.

It is believed that Japan is thinking in terms of importing up to 200,000 barrels a day from Mexico from 1980. Mexico plans to export 1.1m b/d when it reaches its production target of 2.25m b/d in December 1980. Pemex has already said that it wants to diversify its exports away from the U.S., which at the moment takes 85 per cent of Mexico's crude exports.

U.S. hopes for early agreement with China

THE IMPORT quotas the U.S. has imposed on Chinese textiles should help make an overall trade agreement with China acceptable to Congress, the Commerce Secretary, Mrs. Juanita Kreps, said this week, AP-DJ reports from Washington.

She expected the trade agreement to be signed by the U.S. and China "perhaps this summer," but it then must be approved by the U.S. House of Representatives and the Senate.

When Mr. Robert Strauss, the U.S. Special Trade Negotiator, failed to reach agreement with China on textiles last week, the U.S. imposed import quotas to limit Chinese shipments of cotton workgloves, blouses, shirts, trousers and synthetic fibre sweaters.

Indonesian visit

President Suharto of Indonesia will meet business leaders and possibly discuss bilateral co-operation projects during his four-day visit to Japan starting today, Reuter reports from Tokyo.

Indonesia has asked Japan for a large but unspecified credit facility for a $700m oil refinery expansion project at Dumai, central Sumatra.

HONG KONG TEXTILE INDUSTRY

Garment exports rise despite quotas

BY RHYS DAVID

THE Hong Kong garment industry is continuing to show the way to its rivals in other parts of Asia and Europe with a 30 per cent rise in the value of exports in the first three months of 1979—a performance achieved in spite of stringent quota controls in the main markets supplied.

Total garment exports in the period from January-March reached HK$ 3.7bn (£37m) and in the major markets by far the biggest growth took place in sales to the UK.

Britain currently is third behind the U.S. and West Germany in purchasing Hong Kong garments and in the first quarter increased its imports by 38 per cent to HK$ 618m compared with HK$ 328m in the same period last year.

Sales to West Germany rose by 54 per cent to HK$ 723m and to the U.S. by 12 per cent to HK$ 1.186bn. Together with Britain these markets took 68 per cent of the colony's garment exports. Britain accounted for 16.6 per cent compared with 11.5 per cent in the same three month period last year.

Hong Kong, already the world's largest clothing exporter, has been benefiting from the buoyancy in retail sales of clothing in the UK over the past year, and more recently in Europe. Consumer expenditure on clothing in the UK at the end of last year was 12 points higher than in 1975 whereas spending on all items had risen by only five points over the same period.

Britain's own clothing industry has increased its production only marginally and has also diverted output to export markets, where a target of £1bn worth of exports by 1980 has been set, creating a gap in the home market which has been filled by EEC and developing country suppliers.

Ironically the rise in value of Hong Kong's garment exports would also seem to be a direct, though largely unintended, result of quota restraints. In volume terms Hong Kong's garment exports in 1978 were around 7 per cent greater, indicating that the bilateral agreements negotiated under the GATT multifibre arrangement (MFA) with leading importers have been broadly successful in restraining exports at around the agreed rate of 6 per cent per year.

In order to make maximum use of quotas, however, Hong Kong manufacturers have upgraded their merchandise to increase its value. This has meant moving into better quality shirts, more elaborate knitwear, fashion blouses, and sophisticated leisurewear for ski and other sports markets. Use of expensive fabrics, such as silk, has also increased.

There has also been a rapid move into garments outside quota control, as the rapid growth of leather and fur exports—one of the few remaining clothing product areas not subject to restrictions shows. Exports of leather garments in 1971 totalled only HK$18m but by last year stood at HK$159m.

Exports of fur garments—very much an alien product in Hong Kong's hot climate—have grown from HK$1m in 1971 to HK$412m last year. The main markets for Hong Kong furs are Japan, which takes more than 50 per cent of output, West Germany and the U.S.

Manufacturers in the colony also look set to win an increasing share of the earlier stages of fur processing. The UK together with China, is currently one of the largest suppliers of dressed skins used by local companies, but the colony itself now has three dressing plants, two of them opened in the past year.

One measure of Hong Kong's success in moving upmarket in recent years has been the rise in importance of its annual ready-to-wear festival, and there has been some consternation among manufacturers at the decision by the colony's Trade Development Council to postpone the next event until 1981.

The festival this year attracted more than 4,000 buyers and now demands a very large venue if all the events are to be housed on one site.

The Hong Kong Government is also expected to announce shortly its choice of consultants to study the possibility of building a major trade and conference centre in Kowloon. This would be designed for major Hong Kong displays such as the ready-to-wear festival and for exhibitions by overseas countries, anxious to show their products in Hong Kong.

In place of the ready-to-wear festival the Hong Kong Trade Development Council is expected to mount a large scale fashion presentation at the Igedo trade fair in Dusseldorf next April. The council is expecting to take a large delegation of local manufacturers with it to the event, which is expected to draw around 35,000 European buyers.

Unitika, a leading Japanese textile manufacturer, has signed a contract with Solvay and Cie, of Belgium to market in Western Europe U-polymer resin made by Unitika, Richard Hanson writes from Tokyo.

The Belgian company also has an option to obtain a license to produce the plastic material which is used in the production of machinery parts because of its hardness and resistance to heat.

Swiss clothing sales fall

By John Wicks in Zurich

SWISS exports of ready-made clothing fell by 3.6 per cent last year to SwFr 526.8m (£147m).

According to the Association of the Swiss Clothing Industry, exporters were forced by the high Swiss-franc exchange rate into price concessions in an attempt to retain their market shares.

Clothing imports meanwhile declined in value terms during 1978 by 4 per cent to SwFr 1.72bn, though this was the result of a 10 per cent drop in average import prices in Swiss-franc terms.

At the same time, actual Swiss consumption of clothing continued the downward trend which has been evident since 1973. Retail sales of clothing and textiles fell by 1.3 per cent nominally and by 2.7 per cent in real terms in 1978.

This, combined with the fall in exports, meant that Swiss production of ready-made clothing dropped by some 5 per cent over the previous year's levels.

● British mills which manufacture women's woollen cloths will have the opportunity in March 1980 of selling to leading Japanese buyers. Through the International Wool Secretariat's Japanese branch the mills will be able to show at the Material 9 Convention, at which 16 of the leading Japanese trading companies exhibit.

Portugal and Angola to sign oil refining pact

BY JIMMY BURNS IN LISBON

PETROGAL, the Portuguese nationalised oil company and Sonangol, its Angolan counterpart, have signed a general co-operation agreement as a basis for the conclusion of major contracts by the two companies during the coming months.

The agreement, signed in Luanda was officially announced here yesterday following its publicised signature in Luanda last week.

Petrogal and Sonangol have agreed on an interchange of technical knowhow given that a number of Petrogal's engineers have had experience working in oil concerns in Angola before the former Portuguese colony was declared independent in 1975.

Future contracts referred to in the agreement will involve the processing of crude oil from Angola at Portugal's main refineries at Sines, South of Lisbon.

The two companies have agreed to a greater co-operation in the field of offshore and onshore oil prospecting in Angola.

The agreement is perhaps one of the most significant to have emerged as a result of the general co-operation treaty signed by the Portuguese and Angolan Governments in Guinea Bissau last summer, and is a sign of the growing prospects for increased trade between Portugal and the richest of her former African colonies.

For Petrogal, the co-operation with Sonangol is expected to bring two major advantages: firstly, the diversification of crude oil supply to offset the effects of the Iranian oil crisis, and the greater utilisation of refineries which because of the restricted domestic energy demand have been forced to operate at reduced capacity.

Last year Iran supplied 21 per cent of Portugal's total oil needs and the Sines refinery ran at 55 per cent of total capacity.

Aircraft makers vie for trade at Paris air show

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SEVERAL NEW civil and military aircraft will be appearing in public for the first time at the Paris International Air Show which opens at Le Bourget on Friday.

More than 680 exhibitors from countries will be represented at the show, and over 250 civil and military aircraft will be on display either in the air or on the ground.

The aim of all these exhibitors is to win a share of the big markets that lie ahead through the 1980s, estimated to be worth over £300bn, of which about £230bn will be in the civil field and the rest in military aviation.

Among the new aircraft on display will be the UK Westland WG-30 transport helicopter for both civil and military use, and the French Dassault Mirage 4000 supersonic combat aircraft.

The emphasis in the show, however, will be on what is available now, to enable airlines and air forces world-wide to equip themselves for the decade ahead.

In civil aviation, the A-300 European Airbus will be on display, but behind the scenes Boeing of the U.S. will be making a major effort to interest customers in its two new airliner programmes, the twin-engined Boeing 767 and 757, both of which are under development but which have not yet flown.

The major European and U.S. manufacturers will also be using the show to unveil plans for new ventures, testing market reactions before committing themselves to the heavy investments that will be involved.

Aerospatiale of France will be showing a model of its A-200 design for a short-haul twin-engined airliner seating around 130-150 passengers, which may be built in the 1980s as a smaller complementary aircraft to the 250-seat A-300 and 200-seat A-310 Airbuses. British Aerospace will also be showing details of its studies in this field.

Aerospatiale is also expected to reveal details of a plan for a new 35-passenger short-haul "commuter airliner," the AS-35, which is aimed at this expanding market for inter-city aircraft.

In the business aircraft field, British Aerospace is expected to reveal details of its latest version of 125 business jet aircraft, and its new Jetstream 31 commuter liner.

Israel Aircraft Industries will also show details of what it calls "a completely fresh, new design" for a business jet aircraft to complement the Westwind aircraft, which is still in full production.

The Soviet Union is expected to exhibit several civil aircraft, including the three-engined short-haul YAK-42 100-120 seater, and the big 300-passenger Ilyushin IL-86 Airbus, but it is unlikely that it will reveal any new military developments.

● Egyptair still intends to purchase four McDonnell-Douglas DC10s but is holding up a preliminary payment of $5m pending more information on the recent crash of a DC10 in Chicago, AP-DJ reports from Cairo.

Argentina offers credit to China

BUENOS AIRES—Argentina has offered a $300m (£150m) credit to China for the purchase of non-traditional products.

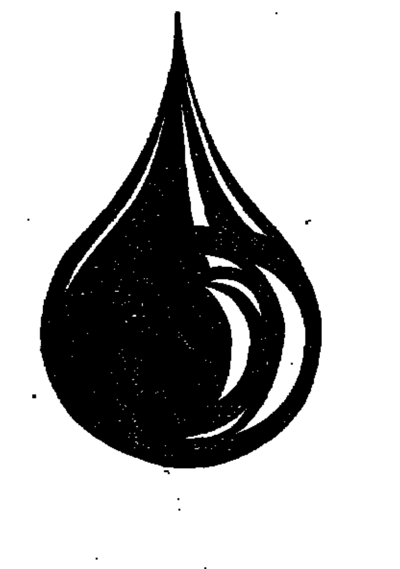
Mr. Juan E. Dumas, under-secretary of economic international negotiations of the military government, said that the offer was made during a meeting this week of the joint Argentine-Chinese Economic Commission. Chen Jie, vice-minister of Foreign Trade, attended for Peking.

Mr. Dumas said that the list of products that China may purchase will be disclosed later.

Meanwhile Mitsubishi Motor has said it will begin exporting cars to Argentina next month following the Argentine Government's decision in January to lift its ban on car imports.

The company said it has concluded an agency agreement with A. J. Armando to sell 1,000 Mitsubishi cars in the first year of the agreement.

Agencies



Priceless?

What's oil really worth? There's no absolute answer: only the fickle verdict of the market.

For most of last year, slack demand and plentiful supply kept oil relatively cheap. Then the Iran crisis suddenly cut back supply. Since then, all oil products have become sharply more expensive. And because petrol demand has been growing fastest, the motorist has borne the brunt.

So who profits?

Above all, the oil-producing countries. OPEC announced price rises in December last year; but the post-Iran scramble for supplies has pushed prices in individual countries beyond even OPEC's expectations.

Among industrial nations, Britain has the unique advantage of North Sea oil. When prices rise in the Middle East, North Sea oil becomes more valuable overnight. That helps the balance of payments — and also increases the Exchequer's tax revenues from North Sea production.

Petrol stations are doing better, too — in the nick of time. Most of them are small firms, which can't afford to run at a loss for long. During last year's price war almost 1,500 of them closed: the highest failure rate since 1971. That doesn't justify exorbitant prices today, but petrol stations do need to make a reasonable profit.

Mobil is also looking for profits this year. Like most oil companies in Britain, we actually lost money on product sales last year. And we can't go on like that, because we've been investing heavily in new plant. This year we'll be spending £70 million — several times more than we can possibly hope to earn.

It's a prudent investment, because it will enable us to make more petrol from every barrel of crude oil. The payoff for the motorist is that there'll be more petrol to go around; the payoff for us is that we'll have more to sell.

At what price?

Frankly, we don't know. The trend is pretty obvious; but how much oil is *worth* depends largely on how much of it consumers want to *buy*.

In that sense, it's a priceless commodity.

Mobil

UK NEWS

Bus services may face 10% cuts soon

BY LISA WOOD

A WARNING that bus services could be cut by up to 10 per cent throughout the UK by the end of this month if fuel supplies are not replenished was made yesterday.

Mr. Denis Quin, director-general of the Confederation of British Road Passenger Transport, said cuts in services had already come into operation in certain parts of the country. These included Plymouth, Portsmouth, Cornwall and South Wales. Cuts were also being discussed by Greater Manchester Transport.

Mr. Quin said that at Bournemouth the Transport Department had been told by an oil company that it would suffer unspecified cuts in its allocation this month. The department would have to plan schedules when supplies were delivered. This posed severe problems as re-scheduling involved lengthy planning and discussions with unions.

"But we cannot argue priority," said Mr. Quin. "Diesel is the life-blood of the country's road, rail, passenger and goods services."

Liverpool Area Health Authority is screening all requests for out-patient transportation to hospitals. The authority was asked by Mersey Regional Ambulance Service to try and cut numbers of patients using non-emergency ambulances because of the 15 per cent cut in fuel deliveries.

Mr. Geoffrey Bateson, area administrator for the authority, said patients should not have to suffer but would be inconvenienced.

A severe shortage of diesel fuel in some parts of the country is hitting hauliers badly. The Road Haulage Association said there had been cross-the-board cuts of 15 per cent in supplies. Some hauliers tied to smaller suppliers had up to 60 per cent reductions in deliveries.

"In some areas, particularly Devon and Cornwall, supplies to hauliers have ceased altogether and companies are living hand-to-mouth," said the association.

Many complaints had come from hauliers whose agency cards had been refused at garages, particularly motorway service stations.

Esso Petroleum said it had no evidence that garages were not accepting agency cards. It *suggested that if garages were* doing this it was because they were assessing their supplies and trying to look after regular customers.

One major garage chain admitted it was no longer accepting agency cards. "On diesel we get a profit of 3¼p a gallon from the oil company if we accept its agency cards. But we get a profit of about 10p on cash sales. Diesel allocations are now so low that we have decided on cash-only sales, but we are not refusing to sell diesel. Why should it pose hardship for a company to give its drivers cash to buy fuel?"

The Freight Transport Association said the shortage of diesel—which was much worse than petrol—was restricting growth in the haulage business. Companies were unwilling to buy new vehicles because of the unpredictability of supplies.

According to BP Oil, Britain's motorists are wasting up to 20 per cent of their increasingly costly petrol. Savings could be made by "little things," such as scraping mud from the underside of a car's wings and removing unnecessary luggage and surplus tools from the boot.

Racing trust offer for Haydock

By Maurice Samuelson

AN OFFER to buy Haydock Park Racecourse for about £400,000 has been made by Racecourse Holdings Trust, a subsidiary of the Jockey Club, which already owns or controls six other courses, including Newmarket and Cheltenham.

Directors of Haydock Park Racecourse Company, the owners, are urging shareholders to accept the trusts cash offer of £150 for each of the 2,720 shares. There have been only rare dealings in the shares in the past 15 years. The last recorded dealing last month was at £55.

The trust claims that the purchase would enable the course, at the junction of the M6 and the East Lancashire Road, to continue to develop as a major racecourse. The trust is barred by its articles of association from paying dividends, ensuring that all profits are ploughed into the individual course.

● Cancellation of a number of horse racing meetings in February because of the bad weather led to a sharp reduction in receipts from betting and gaming duties.

Total betting and gaming duties received for the month, at £20.69m, compared with £24.04m in January and with £2.36m in February, 1978, according to Customs and Excise statistics, published yesterday.

"There is no question of the British betting habit dying out. It was just the atrocious weather," said the Customs and Excise.

Most of the reduction was in general betting duty, concentrated largely on off-course bookmakers (betting shops) where ...total ... receipts ...in February, at £8.49m, compared with £11.77m in January and with £10.55m in February last year.

Total general betting duty receipts, including income from totalisators on horse and dog racing, amounted to £9.12m, as against £12.53m in January and £11.25m in February last year.

The remainder of the February income came mainly from football pools betting duty, which remained fairly stable at £9.96m (£9.7m in January and £9.43m a year earlier).

Doubts over air passenger growth

BY LYNTON McLAIN

THE WORLD airport system is in danger of cracking under the strain of passenger growth, Mr. Knut Hammarskjold, director-general of the International Air Transport Association, said yesterday.

Up to 300m passengers would fly each year by 1983, half as many again as last year, he told delegates at the sixth World Airports Conference in London, organised by the Institution of Civil Engineers.

Airport planners needed to look two decades ahead, as it might take over 15 years to get planning approval. But some assumptions on which the forecast of passenger growth was based might already be crumbling.

There had to be no political disturbances; stable operating costs; and large decreases in fares in real terms.

Airlines faced rapidly rising fuel costs and all forecasts were uncertain.

Mr. Nigel Foulkes, chairman of the Civil Aviation Authority, said that "whatever forecasts we make about the future growth of passengers and aircraft movements, we shall guess wrong."

Civil aviation's growth future looked a lot more promising than that of other sectors. "We must plan for this growth but be ready to adapt to the possibility that something unforeseen could prove us wrong."

Siting London's third airport was now exceedingly pressing.

Aircraft had become larger and passenger growth was steeper than growth in air traffic.

Noise was still a problem, and it was unlikely that noise could be contained to the airport perimeter Traffic growth in the 1980s might be accomplished without comparable growth of noise outside airports.

There had to be a notable improvement in settling air traffic controllers' industrial disputes without strikes, Mr. Foulkes said.

Mr. Hammarskjold replied that he was not optimistic about this summer. "Problems with Europe's air traffic control system can cause delays on a global scale."

Prof. Robert Simpson, of Massachusetts Institute of Technology, forecast a growing move toward larger civil airliners in the 1980s and 1990s.

There would be larger supersonic transport aircraft, twice the size of Concorde, and there was an even chance that National Aeronautics and Space Administration studies would lead to these airliners entering service by the 1990s.

A six-year programme had shown that an aircraft that would fly 275 passengers at over twice the speed of sound over 5,000 miles was "economically viable, environmentally acceptable and fuel-efficient."

The most important advance would "have to be" in the engine, he said.

Other developments included the "flying wing" aircraft, carrying 1,000 passengers and powered by methane, hydrogen or nuclear fuels. The wing would be up to three times the size of a Boeing Jumbo jet.

This would create parking problems at airports said Prof. *Simpson.*

Alternative systems for loading passengers might have to be tried.

Airlines seek fare rises

BY LYNTON McLAIN

FIVE airlines operating internal routes in Britain have applied to the Civil Aviation Authority to raise fares by up to 7 per cent to compensate for increased fuel charges.

The airlines are Air Anglia, British Airways, British Midland Airways, Dan-Air Services and British Island Airways. Loganair has called for a maximum rise of 5 per cent. The increases would mean rises of between £1 and £2 in the cost of existing economy rates.

The authority has already accepted applications for increases from Aurigny Air Services and Brymon Airways.

The airlines have called for the increases to be granted as soon as possible. Yesterday the CAA said it hoped to deal with them quickly as fuel costs have increased substantially.

The proposed new fares include £37 for the London, Heathrow to Glasgow, Edinburgh and Belfast economy fare, a rise of £2. Between London and Aberdeen it would be £41.90, also £2 more.

British Midland Airways' £30 fare between London, Gatwick and Belfast would rise to £32, for Dan-Air between Newcastle and Bristol and Cardiff it would increase £1.50 to £38. For British Island Airways between the Channel Islands and Southampton it would go up £1 to £20.

Oil shortage 'may last to 1980'

BY CHRISTIAN TYLER, LABOUR EDITOR

OIL INDUSTRY executives expect the supply gap to last through the winter and into next year, and believe that, though it may be protracted, the shortfall will be manageable if it stays at about the present level.

Part of the cutback on supplies has been made in order to rebuild stocks for next winter after the serious rundown caused by the hard weather last winter. Some companies expect to start the winter with the same level of stocks as last year.

But they have warned the Government they have little headroom, and that any significant worsening of supplies or surge in demand could precipitate a crisis.

At that point marginal cuts in services like public transport, or conservation measures by private industry would be insufficient to close the gap, and formal rationing might be necessary.

According to some industry sources, events in Iran have merely brought forward by a few years an already predictable end of oil surpluses.

From now on, the supply-demand balance will be much finer.

Commission accepts BP and Esso rises

BY KEVIN DONE, ENERGY CORRESPONDENT

THE PRICE COMMISSION has found no evidence that Esso Petroleum and BP Oil have made excessive price increases for oil products this year.

On the contrary the commission, whose reports on the companies were published yesterday, suggests that BP Oil's forecast profit margin this year is "not adequate."

BP Oil is the UK marketing and refining arm of British Petroleum. The commission's report says that its net profit margin before interest and taxation, as a percentage of total income, has fluctuated between a profit of 0.1 per cent in 1976, a loss of 0.7 per cent in 1977 and a profit of 0.9 per cent in 1978.

"The margin for 1979 has been forecast to increase to about 3.5 per cent. It is clear that these margins are not adequate."

The Commission accepts that the price increases notified by BP and Esso in January and March were fully justified.

Its reports are now of little more than historical significance, however, as both companies, in common with the rest of the industry, have since imposed another round of price increases. Further increases can be expected later this year as the price of crude oil continues to rise.

The impact of the Price Commission's investigations is also limited because its remit was restricted to studying BP and Esso's downstream (refining and marketing) operations in the UK. It was unable to look at the upstream activities (crude oil and gas exploration and production) of the companies and was therefore unable to take a comprehensive look at the companies' overall profitability and efficiency.

The report on Esso admits the commission's shortcomings. "The company displayed considerable sensitivity about its upstream operations. Because of the confidentiality of a great deal of the material, and the scale and complexity of the oil industry, in the time available we have been unable to test all issues in full."

The commission says that 80 per cent of BP Oil's costs arise from the purchase of crude oil and product supplies. Its scope for reducing costs and improving efficiency are therefore limited to less than 20 per cent of total costs.

The report says the company should pay particular regard to improving productivity and reducing overmanning. The Commission fails to see how the company will achieve its long-term target of a return of 10 per cent on capital employed (on a current cost accounting basis) in the "foreseeable future."

Esso Petroleum's net profit (before taxation and interest) as a percentage of sales declined from 6 per cent in 1976 to 2 per cent last year. The commission says this year's forecast profit margin of about 6 per cent is "not unreasonably high."

The reports show that the market share held by the five major UK oil suppliers (Esso, Shell, BP, Texaco and Mobil) declined from 78 per cent in 1973 to 73 per cent in 1977. Esso has about 20 per cent, a fall of 3 percentage points, while BP Oil holds 14-15 per cent.

Price Commission Investigation Reports, Nos. 37 and 38, BP Oil and Esso Petroleum—Oil and Petroleum Products, HMSO, £1.25 each.

Dowty wins Boeing order

THE DOWTY GROUP has secured substantial orders to supply equipment for both the Boeing 767 and the A310 Airbus.

The Boeing order, for the supply of hydraulics on the 767, was won against considerable competition from U.S. companies. The order's initial value is $4m, but it will amount to much more when the aircraft goes into full production. Dowty already supplies equipment for Boeing's other main airliners, but the order's significance is that it establishes the British based group as a supplier for the new generation of aircraft planned by Boeing.

The Airbus order, yet to be officially annouced, is for landing gear on the A3100. Dowty will fulfil the order, described as substantial, in conjunction with its French partner Messier. Dowty supplies some equipment for the A300, and this new order ensures that the group gains a firm foothold in the Airbus programme.

Many more girls now go to private schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MARKED INCREASES in the number of girls attending UK private schools this year are indicated by a survey published yesterday by the Independent Schools Information Service.

Girsl at 1,019 schools covered by the survey totalled 107,143, a 4.3 per cent increase over the 1978 figure. The number of boys in the schools rose by only 0.7 per cent to 200,867.

At the junior, "preparatory" level, girl pupils increased by 6.2 per cent to 18,664, and boys by 1.9 per eent to 72,333.

At secondary level, there was a 3.8 per cent rise to 88,479 in girls, compared with a rise of less than 1 per cent to 128,534 in boy pupils.

The survey also suggests a 1,006 increase in the number of girls boarding at fee-charging schools: boy boarders fell by 1,380.

Part of the explanation may lie in differences in average fees. For boy boarders at secondary level the average was £2,290 compared with a day-school average of £1,038. The corresponding figures for girls were £1,864 and £853.

In preparatory schools, the average fee for boy boarders was £1,560 and for girl boarders £1,490.

Miss Dorothy Dakin, chairman of ISIS and head of the Red Maids' School in Bristol, said she thought there were three main reasons more parents were sending daughters to private schools.

These offered the security of a relatively small community, and, as single-sex schools, more favourable conditions for girls study science and mathematics. In addition, many parents were disillusioned by the state schools' vulnerability to political change.

The ISIS figures suggest a fall in the popularity of British private schooling with overseas families. The number of pupils from other European countries in particular, and from America were noticeably down on the 1978 figures.

Retail volume at peak

RETAIL SALES in April were at their highest level by volume since April 1975, when an increase to 25 per cent. in the higher rate of value-added tax was announced.

The index stood at 115.4 for all kinds of business, while the index for durable goods stood at 144 (1971=100, seasonally adjusted).

Hire purchase sales were also buoyant, with new advances at £572m, seasonally adjusted.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit-extendedby			Retail volume (revised)	
	Finance Houses	Retailers	Total debt outstanding (unadjusted)	Total	Durable goods shops
	£m	£m	£m	(1970=100)	
1977 1st	—	—	—	103.3	115
2nd	596	507	4,205	102.4	118
3rd	657	546	4,482	104.2	121
4th	736	542	4,791	104.7	122
1978 1st	809	565	5,053	106.4	124
2nd	901	605	5,496	107.9	129
3rd	895	647	5,810	110.7	134
4th	958	618	6,211	111.7	134
1979 1st	934	652	6,416	110.3	131
1978					
October	306	202	5,969	110.2	132
November	344	217	6,140	110.5	132
December	308	199	6,211	110.5	132
1979					
January	300	225	6,236	109.6	127
February	311	220	6,316	110.4	137
March	323	207	6,416	110.8	129
April	346	226	6,542	115.4	144

Source: Department of Trade

NOTICE OF REDEMPTION

To the Holders of

Occidental Overseas Limited

10% Guaranteed Notes due 1981

NOTICE IS HEREBY GIVEN that in accordance with the provisions of the Indenture dated as of July 1, 1975 of Occidental Overseas Limited and Occidental Petroleum Corporation to Marine Midland Bank (formerly Marine Midland Bank-New York), as Trustee, $1,800,000 aggregate principal amount of Notes will be redeemed on July 1, 1979 (herein called the "Redemption Date") at 100% of the principal amount thereof without premium pursuant to the Sinking Fund provisions of the Indenture. As provided in the Indenture, the Notes selected for redemption by the Trustee bear the following distinctive numbers:

COUPON NOTES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

M-15	1737	3130	4513	5988	7550	9146	10836	12621	14487	16275	18148	19957	21725	23824	25948	28118
33	1754	3139	4527	6001	7564	9163	10854	12641	14503	16294	18165	19977	21741	23845	25969	28135
54	1770	3153	4546	6015	7579	9182	10874	12666	14509	16315	18181	20004	21755	23866	25988	28150
71	1786	3166	4564	6027	7587	9199	10888	12693	14528	16335	18199	20023	21773	23885	26024	28167
88	1802	3178	4580	6041	7598	9216	10902	12709	14543	16351	18217	20039	21789	23901	26045	28184
103	1817	3180	4596	6056	7599	9233	10917	12726	14561	16373	18235	20060	21804	23920	26063	28204
[illegible]																
1671	3079	4436	5930	7481	9074	10766	12567	14416	16208	18079	19880	21666	23756	25896	28043	29932
1681	3093	4453	5930	7491	9089	10782	12585	14434	16225	18097	19898	21686	23777	25899	28060	29952
1693	3101	4469	5945	7504	9108	10797	12599	14450	16240	18113	19914	21701	23798	25907	28076	29973
1706	3109	4483	5965	7520	9108	10797	12599	14450	16240	18113	19914	21701	23798	25907	28076	29973
1722	3114	4496	5976	7537	9127	10816	12800	14468	16258	18129	19936	21707	23800	25930	28082	29994

The Notes specified above are to be redeemed for the said Sinking Fund at the **Corporate Trust Office of Marine Midland Bank, 140 Broadway, New York, New York,** the offices of Marine Midland Bank in London and Paris, the main office of Swiss Bank Corporation in Basel, the main office of Dresdner Bank AG in Frankfurt/Main, the main office of Kredietbank N.V. in Brussels, the main office of Banca Commerciale Italiana S.p.A. in Milan, and the office of Banque Internationale à Luxembourg S.A. in Luxembourg, as the Company's paying agents, and will become due and payable on July 1, 1979. On and after the Redemption Date, interest on the said Notes will cease to accrue and the coupons appertaining thereto shall be void.

The said Notes should be presented and surrendered at the offices set forth in the preceding paragraph on the Redemption Date with all interest coupons maturing subsequent to the Redemption Date attached thereto. Interest coupons payable July 1, 1979 should be detached and presented for payment in the usual manner.

MARINE MIDLAND BANK,
Trustee

May 30, 1979

HOLIDAY ACCOMMODATION

LUXURY ALGARVE VILLA WITH STAFF

Ideal company use. Superbly sited for 14 with own pool, cook and staff. Arrangements include flights (Heathrow/Manchester) and cars for the whole party. Available 5-26 July, 6 Sept.-4 Oct. Sample price for two weeks—£270 per person.

PALMER & PARKER (HOLIDAYS)
Algarve Reservations
(049 481) 5411   ATOL 164B

RESIDENTIAL PROPERTY

WOODLANDS
NORTHAW, POTTERS BAR, HERTS.

Set in approx. 105 acres (42.5 hectares) of park and woodland within easy reach of Central London. Potters Bar 1.8 miles

Trains from Potters Bar — Kings Cross 15 minutes, Moorgate 23 minutes

A MAGNIFICENT RESIDENTIAL ESTATE

Spacious reception rooms, 7 bedrooms, staff accommodation, extensive outbuildings, bungalow and cottage.

Gardens and orchards — about 6 acres
Parkland (let) — about 43 acres
Woodland — about 56 acres

FREEHOLD FOR SALE BY TENDER
(Tender date 30th July 1979)

A. W. SCOTT-HARDEN & ASSOCIATES, MONKEND HALL ESTATE OFFICE, SOUTH PARADE, CROFT, DARLINGTON, CO. DURHAM DL2 2SJ
Tel: (0325) 720976/720614 - Telex: 58657 AWSH G

JERSEY
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A centrally heated luxury flat overlooking the golf course and having a fine view over the royal bay of Grouville. Two bedrooms each with bathroom en suite, third bedroom or study, split-level lounge/dining room with sliding windows to sun balcony, fully fitted kitchen, double garage, lift service. Available to purchasers able to provide the purchaser qualifies under the island's financial regulations. For sale in perpetuity at £90,000. All particulars:

LANGLOIS LTD.
Estate Agents,
St. Helier, Jersey. 0534-22441.

JERSEY

New Detached Chalet
Magnificent Sea Views

4/5 Beds., 2 Baths., 3 Rec., Double Glazing, 30 ft. Balcony, Double Garage, C.H.

Sole Asset of Private Limited Company for sale by Share Transfer —£76,500. Unique and unrepeatable.

Details/Photographs—Sole Agents
BERKSHIRE ESTATES
Reading (STD 0734) 596842.

ALGARVE. Beautiful villas and apartments for sale from £15,000 approx. Equivalent. MELPOND, 8 Park Mansions Arcade, Knightsbridge, S.W.1. Tel: 01-584 6346.

CORTIJO GRANDE, Turre, Almeria, Spain. 2,000 acre sports estate including golf, riding, tennis, shooting, air strip. Villa plots from £3,500 and apartments from £8,000. MELPOND, 8 Park Mansions Arcade, Knightsbridge, S.W.1. Tel: 01-584 6346.

FOR LEASE Prestigious Historical Executive Home modernised. Park-like setting. Coombe Hill, New Malden. Lease June. £150 p.w. Owner 01-942 5623.

NICE, FRANCE. Mod. Flat, nr. Sea. From June. Reasonable payable £. Long Let preferred. Stoops 2, 253 3828 p.m.

ON THAMES—15 minutes Henley. 20 minutes Oxford. Fully furnished house in 3 acres grounds. 3 receptions, attractive kitchen, ... 4 bedrooms, 2 bathrooms. Central heating. Domestic help 3 mornings weekly. Carefully garden. References essential. Tel. 01-588 1387.

PIED A TERRE, within shared premises, self-contained. Victoria Street, S.W.1. Floor Space 10.45. ... 22 Box 215, London, S.W.1. Phone 222 7249.

WEST END—Mansion Flat: Marylebone Road, St. room, 2 bed., bath., ... kitchen, £100 p. week. Tel: 01-723 4803.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL
Bills issued 6/6/79 £5.0m at 11¾%, maturing 5/9/79. Applications £43.0m. Bills outstanding £9.7m.

NORTHAMPTON BOROUGH COUNCIL
£770,000 Bills issued today due 5.9.79 at 11¾%. Total applications £10,010,000. These are the only Bills outstanding.

OBITUARY

BARLOW—On June 1, suddenly while on holiday in Spain, C. S. (Punch) Barlow, aged 74, was Chairman of Barlow Rand Limited. Funeral on Thursday June 7 at 10 a.m. St. Martin-in-the-Veld, Rosebank, Johannesburg, South Africa. Please, Donations in lieu of flowers to the Welfare Society of South Africa, P.O. Box 2597, Johannesburg. A memorial service will be held in London. Details will be announced shortly.

COMPANY NOTICES

AMERICAN EXPRESS COMPANY
(CDRs)

The undersigned announces that as from June 18th, 1979, at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 4 of the CDR's American Express Company, each repr. 5 shs., will be payable with Dfls. 4.00 net (div. per record date 4.6.79, gross $0.45 p. sh.) after deduction of 15% USA tax = $0.3375 = Dfls. 0.71 per CDR.

Div. cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA tax ... Dfls. 3.29 net.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, May 29th, 1979

EUROPEAN DEPOSITARY RECEIPTS REPRESENTING COMMON STOCK OF HONDA MOTOR CO LTD

A distribution of ... per depositary share less any applicable taxes will be payable on and after June 11, 1979 upon presentation of coupon No. 6 at the offices of any of the following depositaries:

MORGAN GUARANTY TRUST CO OF NEW YORK
—New York, 15, Broad Street ...
—Brussels, ... Avenue des Arts
—London, 33, Lombard Street
Amount payable after deduction of 15% Japanese tax: $0.173; amount payable after deduction of 20% Japanese tax: $0.162.

E.I.D.-PARRY (INDIA) LIMITED

NOTICE IS HEREBY GIVEN that the transfer books and Register of Members will be closed from the 19th to 28th June, 1979, both days inclusive.
By Order of the Board,
C. P. WATERSTON
London Registrar

MIDDLESEX ELECTRICITY (Incorporated Midland)

U.S.$8,000,000 5¾% Bonds 1979
FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that the outstanding Bonds of the above Loan will be redeemed at par on 30th June 1979, from which date all interest thereon will cease.

These bonds may be presented at offices of the paying agents set out on the reverse of the coupons in the manner specified in Condition 4 of the Terms and Conditions of the Loan. Coupons for interest due on 30th June 1979 should be presented in the normal manner.

N. M. ROTHSCHILD & SONS LIMITED
New Court, St. Swithin's Lane, London EC4P 4DU.
6th June 1979

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Company will be closed from the 12th to 22nd June, 1979, both days inclusive.

By Order of the Board,
M. PEGGIE, Secretary
107-112, Leadenhall Street, London EC3A 4AE.

THE COMMERCIAL BANK OF THE NEAR EAST LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 89 Regent Street, London EC3A 4AE, on Monday 9th July, 1979 at 12 noon for the following purposes:
1. To receive and adopt the Directors' Report and Accounts for the year ended 31st December 1978.
2. To declare a dividend.
3. To re-elect retiring Directors.
4. To re-appoint the retiring Auditors and to authorise the Directors to fix the remuneration of the Auditors for the current financial year.
5. To transact the business of an Ordinary General Meeting.
By Order of the Board,
M. PEGGIE, Secretary
107-112, Leadenhall Street, London EC3A 4AE.

1. Any member of the company entitled to attend and vote at the Meeting may appoint another person who need not be a member of the Company as his proxy to attend and vote in his place.
2. There are no service contracts of any of the Directors which are required to be made available for inspection at the meeting.

PHILIPS INTERNATIONAL FINANCE

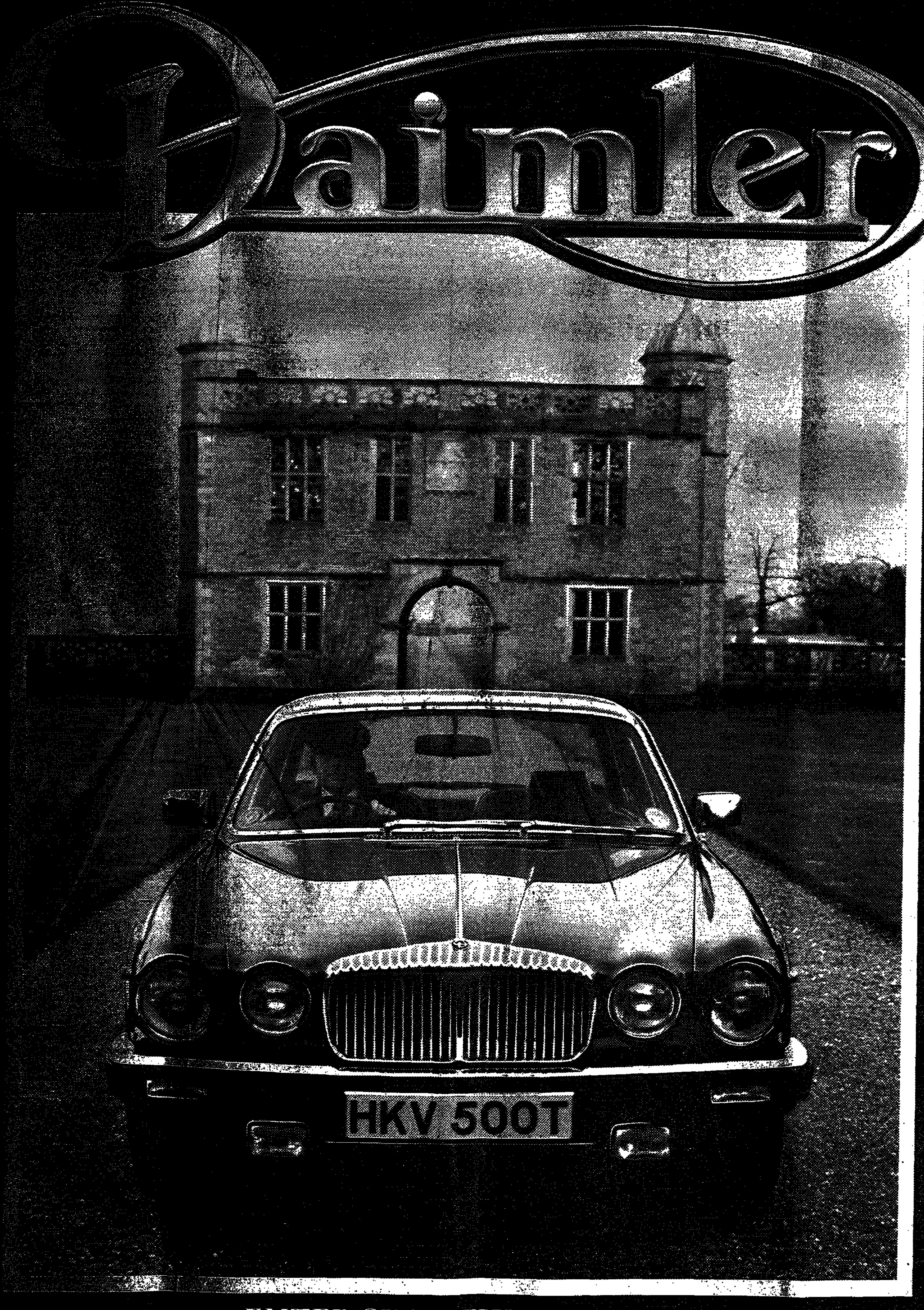
U.S.$30,000,000 6¼% Loan 1979
FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that all outstanding bonds of the above Loan will be redeemed at par on 30th June 1979, from which date all interest thereon will cease.

These bonds may be presented at offices of the paying agents set out on the reverse of the coupons in the manner specified in Condition 4 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Coupons for principal and the simultaneous interest due on coupon No. 12 dated 30th June 1979, which should be attached to the bonds when they are presented.

Principal Paying Agent
N. M. ROTHSCHILD & SONS LIMITED
New Court, St. Swithin's Lane, London EC4P 4DU.
6th June 1979

مطابق للأصل



ENTER OUR NEW DAIMLER.

[illegible] change for change's sake has never been [illegible] philosophy. And demon- [illegible] a superb design. [illegible] painstakingly perfected over [illegible] years is far superior to a constantly changing [illegible] we today present the Daimler Series III. [illegible] motor cars which are con- [illegible] to be the finest in the world has [illegible] task: continuous refinement to the specification and subtle treatment of the styling have resulted in a Daimler range which is sleeker, more spacious and even more lavishly equipped than ever before.

The new cars: the Sovereign and Double Six, the Vanden Plas 4.2 and Double Six, combine sublime smoothness, effortless power and ultimate technical brilliance.

In the Series III is a beautiful blend of everything that Daimler has always stood for and everything that today's owner and driver will expect his Daimler to be.

Daimler

Manufacturers of fine motor cars through five reigns.

UK NEWS

A Derby owner could be £2m better off

BY MICHAEL THOMPSON-NOEL

AND SO to Epsom for a horserace.

Today's 200th running of the Epsom Derby looks set to provide one of the great sporting spectacles—a fitting tribute to an event whose double-century history has been suffused with colour and tradition, privilege and pomp, scandal and excitement.

On paper, it is just a horserace: a one-and-a-half-mile charge by three-year-old thoroughbreds over the ups and downs of a racecourse now owned by the State. In the flesh, the Epsom Derby—begetter of 200 lesser derbys from Chantilly to Tokyo and back — survives as an annual renewal of one of England's greatest social celebrations.

By 3.35 this afternoon, up to 600,000 spectators will have made their way to Epsom. By around 3.39, the lucky owner of the winner could be more than £2m better off.

Carrying £259,600 in total prize money, today's Derby will be the richest thoroughbred horserace ever staged. It is also expected to produce £25m worth of bets in Britain alone, generating the planet's biggest-ever betting spree.

All grandstand seats, at a minimum of £19.50 each, were sold long ago. The Epsom management anticipates a windfall, which will partly benefit charities, from the sale of Derby 200 souvenirs ranging from a £1.50 tee-shirt to a £3,000 bronze. The race has also produced enormous sales of unofficial bric-a-brac.

Owners with runners, fancied or otherwise, include the Queen (Milford), Robert Sangster of the Vernon football pools family (Acomplice), Ravi Tikkoo, the tanker tycoon (Halyudh), Capt. Marcus Lemos (Laska Floko), Lady Beaverbrook (Niniski) and Sir Michael Sobell (Troy).

More humbly, Morvetta is listed in the ownership of Quality Castings, Slough.

Each owner has paid £1,000 to run a horse in the Derby. The winner's prize will be a record £155,760, of which the trainer receives 6 per cent, the jockey 4.48 per cent plus riding fee and the stable staff 3 per cent. The Horserace Betting Levy Board has chipped £70,000 into the prize money pool, and the Epsom management an additional £30,000.

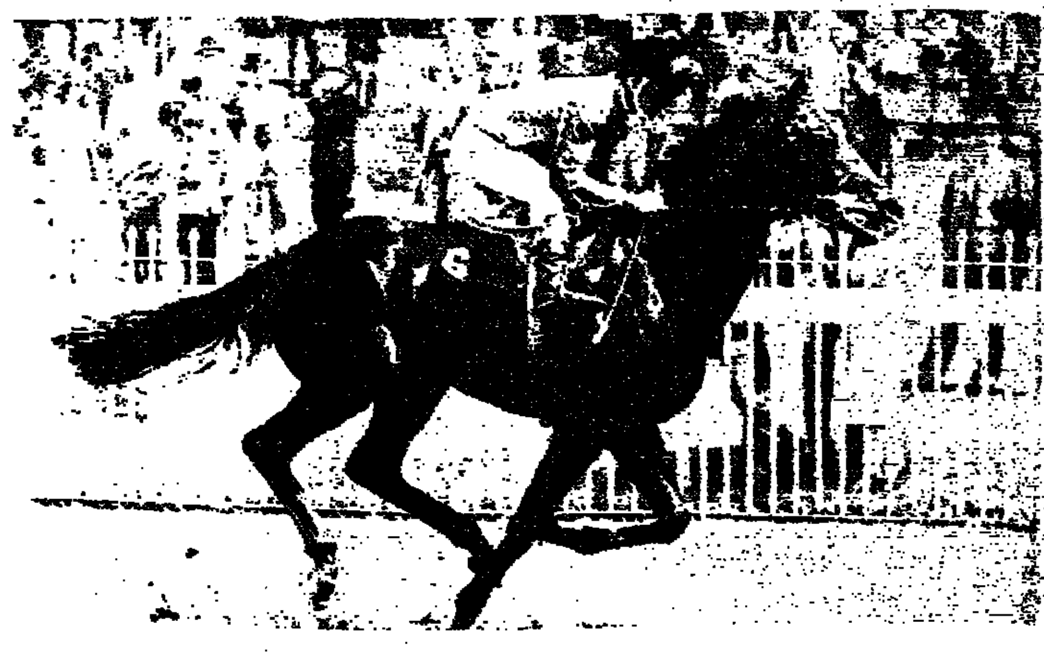
According to the British Bloodstock Agency, the value of this afternoon's winner on the international bloodstock market should be at least £2m, given a modicum of breeding. The Queen's Milford, the best-bred animal in the race, would be worth up to £3m if successful. Milford will be steered by Lester Piggott, bidding for a record ninth Derby win.

The Ladbroke Group says it expects to take £3.5m in bets by the "off." The company has laid Ela-Mana-Mou to lose £50,000 to a bet of £3,000, and is carrying on its book a Derby/Oaks liability of £132,600 to £300 against Hardgreen and Scintillate.

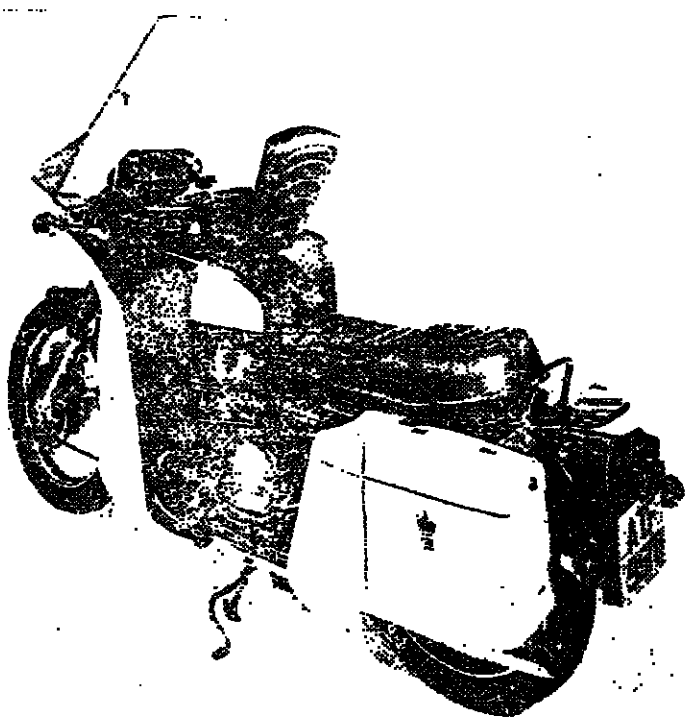
William Hill, which expects to take £2.5m on the Derby, says its biggest single bet so far is £30,000 to £2,000 against Hardgreen.

For romantics everywhere, the best possible result would be a win for Milford and the Queen. But a ninth win for Lester Piggott will not be rewarded by an impromptu knighthood. A spokeswoman at Buckingham Palace said last night: "I would absolutely not expect it. There is no question of an instant knighthood. If at any time the Queen wished to give a knighthood to Lester Piggott, then of course she would. But not at Epsom. The Queen is not a gimmicky sort of person."

Racing, Page 16



The Queen's horse, Milford ridden by J. Mercer last year



The ESM 1

Safety motorcycle makes its debut

FINANCIAL TIMES REPORTER

BRITAIN'S first demonstration safety motorcycle, the ESM1, went on show at the 7th Experimental Safety Vehicle Conference in Paris yesterday.

The motorcycle is being exhibited by Britain's Transport and Road Vehicle Research Laboratory. It is based on a production model of the 750cc Triumph Bonneville machine and shows the progress that has been made in the UK towards improving motorcycle safety.

Six features of the motorcycle are: special metal disc brake pads: anti-locking brakes: eye-catching appearance (motorcycles are not seen by about one third of the road users involved in accidents with them): chest pad: leg guard and digital speedometer.

The motorcycle safety programme was started at the laboratory in 1973 in face of the rising accident toll among motorcyclists.

The laboratory said that other road casualties have either been almost constant from year to year or have risen slowly.

Strong rise in payments of mainstream tax

BY DAVID FREUD

MAINSTREAM corporation tax payments—those on undistributed profits—rose strongly at the beginning of the current financial year, according to figures released yesterday by the Central Statistical Office.

The latest issue of Financial Statistics shows that the mainstream element of company taxation was up 85 per cent in April compared with the same month in 1978, at £197.3m.

Total corporation tax receipts, including advanced corporation tax, a withholding tax on dividends which shareholders can credit against their individual income tax liability, were also substantially higher.

Total receipts amounted to £447.8m in April, a gain of nearly 31 per cent on April, 1978. Nearly all the increase was accounted for in the mainstream element, as ACT payments were up by only 6.1 per cent.

Erratic

This means that the mainstream element within the total in April was 44.2 per cent, compared with 31.3 per cent in April last year.

It is probably too early to draw any firm conclusions from the figures since corporation tax payments are made fairly erratically through the year.

Nevertheless, the latest figures are in line with the sharp rise in mainstream tax payments over the previous financial year.

They may also provide an early indication that the growth of leasing activity is not likely to affect the buoyancy of mainstream tax receipts, as some analysts have suggested.

CONTRACTS

Foster Wheeler and McAlpine win Roche plant orders

BY MAURICE SAMUELSON

Contracts worth £80m have been won by **FOSTER WHEELER and SIR ROBERT McALPINE AND SONS** to construct a vitamin C plant in Scotland for Roche Products, the UK subsidiary of the Swiss-based pharmaceuticals group, Hoffman-Laroche.

The cost of the plant, at Dalry, Ayrshire, will be £140m. It has attracted official grants of £46m and is being built in the UK despite strong bidding by other European countries and the U.S.

The civil engineering part of the work, to be carried out by McAlpine, is worth at least £20m. The chemical engineering work, worth £60m, has gone to Foster Wheeler, which said the bulk of the equipment will be ordered in Britain.

Roche's workforce at Dalry, where it already produces other vitamins, will rise to nearly 1,000 at full capacity, while the construction and associated work will involve about 5,000 man/years.

The plant is scheduled to be in regular production in five years, with a capacity of one-third of world demand for vitamin C.

Contractors for the £20m power plant are likely to be named by the beginning of August. It will burn coal and natural gas, with oil as back-up fuel.

About 95 per cent of production is earmarked for overseas, and export earnings should reach £40m a year.

About half the present vitamin C production is used by the pharmaceutical industry in products including the Redelan and Redoxon tablets made by Roche. An increasing proportion, however, is used in food and feedstuff manufacture.

Builders wind up CABIN campaign

By Michael Cassell

THE CONSTRUCTION industry's anti-nationalisation campaign, CABIN, is being wound up following the Conservative victory at the general election.

But the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors, the joint sponsors of the CABIN campaign, said yesterday that they would continue to monitor the development of Labour Party policy towards construction.

They intended "to take whatever action is appropriate to meet any possible new threat of nationalisation or excessive state control."

The campaign was started in February 1978 to combat the construction nationalisation proposals contained in the Labour Party national executive committee policy statement on the industry, which called for increased state control of contractors, material producers and natural resources.

SIR MAURICE LAING

The industry did not accept assurances that the plans for public ownership, which included the spread of direct labour building operations, were essentially limited in nature and regarded them as the first steps towards "back door nationalisation" of the construction sector.

The proposals, although adopted at the 1977 Labour Party conference, were never openly backed by Ministers although they were strongly supported by a number of MPs.

The CABIN organisers said yesterday that the advent of a Conservative Government meant that no such construction nationalisation plans were under consideration and that the campaign was therefore no longer needed. Sir Maurice Laing, chairman of CABIN, said the campaign had proved that the contractors and material producers could combine effectively to meet the challenge posed by a common threat.

It had also shown, however, that the industry's public image in some areas was not as good as had been imagined. The two federations would take steps to ensure that construction industry's contribution to the social and economic well-being of the country was better understood.

High failure rate for companies moving to regions

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE POLICY followed by both Conservative and Labour Governments of offering generous financial incentives to companies moving to the less-prosperous regions of the UK seems to be failing, an official study published yesterday indicates.

Analysis of company closures by the statistical unit of the Scottish Office shows that companies moving into the regions have a significantly worse chance of survival than those moving into the Midlands and South East England.

The new findings are likely to be controversial, since they dispute the conclusion of previous studies that regional policies were compensating for the regional disadvantages such as remoteness from markets, poor communications and services, and higher costs.

They will also strengthen the case for a new look at regional policy, which some economists believe is becoming increasingly expensive and ineffective.

Scotland emerges from the study with a particularly bad record. From 1966 to 1971, companies moving to Scotland had a closure rate 50 per cent higher than the national average compared to 10 per cent for the other regions.

New ventures suffered an even higher casualty rate. The failure rate in the Midlands and South East was 18 per cent below the national average.

The gap widened further from 1972-75, when companies moving to Scotland had a 70 per cent higher failure rate than the UK average. In the rest of the regions the rate rose to 46 per cent above the average.

In the Midlands and the South East there were less than a third of the average closures.

Despite the grants and loans available to new manufacturing companies, they were far more at risk in the regions than in Southern England.

The deterioration in the Scottish figures is surprising, since by the mid-1970s the Scottish economy was benefiting from oil development. It appears that neither this, nor the high level of Government assistance, was able to insulate companies from the problems of general economic decline.

The importance of this last factor is underlined by an examination of company closures within Scotland, which shows a disproportionately higher rate of failure in Glasgow.

Australia visit for Thatcher

MRS MARGARET THATCHER is to visit Australia for two days on June 30 on her way back from the Tokyo economic summit meeting.

She will have talks with Mr. Malcolm Fraser, the Australian Prime Minister, on bilateral relations between Britain and Australia, the forthcoming Commonwealth heads of government meeting in Lusaka and the results of the Tokyo summit.

Belfast challenge to Japanese dominance

BY OUR BELFAST CORRESPONDENT

IN A BID to re-establish a major motorcycle manufacturer in the UK the Northern Ireland Development Agency has announced a joint venture with a Bolton motorcycle company to assemble racing machines in Belfast.

The agency is forming a new company with E. Cotton Motorcycles, established in 1912, which produces specialist machines.

Mr. Terence Wilson, managing director of Cotton, said the venture was an attempt to challenge the dominance of the Japanese manufacturers in motorcycle sport.

The new company expects to begin production on a modest scale in two months. It will occupy a 5,500 sq ft factory in East Belfast and will employ few people initially.

It will concentrate at first on a 125 cc racing motorcycle and on a 250 cc machine which has been developed with the assistance of Professor Gordon Blair of Queen's University, Belfast, an expert in motorcycle engineering.

Much will depend on the success of the 125 cc bike on the race track. It will be on trial during the Isle of Man Junior TT race today.

If the longer-term intentions of manufacturing production motorcycles are realised the project could be employing a substantial labour force.

Mr. Wilson said: "Eventually we are out to get the Japanese in all the markets and we will take each market in turn.

"We have not come to Northern Ireland cap in hand for money or for the grants. The province has a pool of motorcycling expertise and the available skilled labour."

Call for rural planning

AGRICULTURAL Development in outstanding areas of natural beauty should be brought within planning control say the Town and Country Planning Association. It feels some "agricultural" premises should be treated as industrial buildings for rating purposes.

Mr. David Hall, the association's director, said "it seems to be totally illogical that, while the Countryside Commission claims that the scenic beauty in an area of outstanding natural beauty is less than that in a national park, these areas have little better protection than any other rural area."

The association said much of the work at present done by farmers and grant-aided by the Government goes against the conservation of these areas

Dunlop wins Heathrow deal

A £1m contract for three pairs of Starglide passenger conveyors at Heathrow Airport has been won by the transportation systems division of the **DUNLOP** industrial group. The conveyors are improved versions of systems which last year formed part of the Gatwick Airport redevelopment. They will be installed in the new £8m British Airports Authority eastern satellite, designed to take more than 2m passengers a year on the busiest routes between London and major European cities. The satellite will be built on the aircraft apron between Terminals One and Two and linked to both by the conveyors.

*

Briish Rail, which is improving communications between stations and signal boxes in the Eastern Region, has placed orders worth £700,000 with the transmission division of **PLESSEY COMMUNICATIONS** at Nottingham. The orders are for PCM (Pulse Code Modulation) equipment which allows 30 speech channels to pass simultaneously over one pair of copper cables. Areas where the equipment will be installed include Colchester, Ipswich, and Parkeston Quay, Harwich.

*

PYE BUSINESS COMMUNICATIONS has been awarded a £352,000 contract by Strathclyde Regional Council for an 18-camera closed circuit television installation for surveillance in Glasgow's Citrac (centrally integrated traffic control) system, initially covering the motorways and expressways within Glasgow. All the cameras will be fitted with one-inch camera tubes and 10:1 zoom lenses, and will have electronic character generators to show camera numbers and the mode of control when in use.

*

NOLTON COMMUNICATIONS has received an order worth more than £100,000 from Air Call for Sabre mobile radios for use in message handling and other duties. Strathclyde Fire Brigade has ordered more than 50 Sabres to provide a comprehensive communications system over more than 14,000 square kilometres. Nolton has also received a £60,000 order for its AM/FM convertible mobile from the AA for use with its patrol vans, and a contract for more than 100 mobiles for the Sunderland and South Shields Water Authority.

*

Orders worth nearly £100,000 for two large air handling units have been received by **VENTILATION EQUIPMENT AND CONDITIONING** for the Saudi Arabian port of Jubail. The units have capacities of 14.7m³/sec and 12.86m³/sec and will be installed in the kitchen areas. Each unit incorporates an intake with vermin screen, an automatically activated regulating damper and a 90-degree turning section. Other features include an inlet attenuator, secondary bag filter, cooling coil and discharge attenuator.

*

The Polish tractor manufacturer Ursus is to instal an additional £1.5m worth of **BIRLEC** heat treatment plant at its works in Warsaw. The furnaces will equip a new factory being built at the Ursus site to make Massey Ferguson tractors, part of a project to expand and modernise Polish tractor production, aimed at increasing the European sales of Polish-made tractors. Metalexport placed the contract with Birlec for the design of all five continuous case hardening installations needed at the factory. Two will be constructed at the Birlec works in Aldridge while the other three will be built under licence in Poland.

*

The Saudi Government agency Petromin has awarded **NDT AND CORROSION CONTROL SERVICES** of Kuwait a contract worth about $3m for welding inspection and 100 per cent X-ray examination of the Saudi Arabian East/West crude oil pipeline. The 48-inch diameter pipeline extends 1,202 kilometres from Abqaiq to Yanbu on the Red Sea and the work is planned to be completed within 21 months.

*

BESBLOCK has won a £75,000 contract for its Bestherm fair-faced blocks for the second phase development of Telford's new town centre.

Sotheby's ancient glass sale makes £1.2m

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S completed the auction of the Constable-Maxwell collection of ancient glass yesterday, the finest to appear on the market in 50 years. It made a total of £1,218,090 with just 4.5 per cent bought in.

Top price yesterday was the £75,000, plus the 10 per cent buyer's premium and 0.8 per cent VAT, paid by Robin Symes, the London dealer, for a yellowish green mould blown cup signed by Aristeas the Cypriot and perhaps made in Syria in the first century AD.

Other good prices were the £18,000 for a pale green Islamic glass chalice and pattern of around AD 1400; £15,000 for a manganese purple glass bowl of about AD 1100; and £14,000 for an amber glass Pilgrim's jug with Jewish symbols of about AD 600. The Royal Scottish Museum bought five lots for £3,490.

In Sotheby's book sale the first edition of Pavlov's famous book on conditioning, which carried a £25,000-£30,000 estimate, was bought in at £11,000.

One of the best collections of Japanese swords to appear on the market in recent years sold for £132,700 at Christie's yesterday. Sold on behalf of a private collector from Ipswich is was formed during the Meiji period from 1868-1912. The top price was the £26,000 paid by a private American collector for a Tachi blade by Bizen Ichimonji Nobufusa, dating from around AD 1200. The Tokyo Gallery in London paid £15,000 for a Tachi blade by Bizen Masatsune, probably 13th century. An anonymous collector £13,000 for a blade by Sadatsuna. A Tachi blade from around 1300 also made £13,000.

The Phillips furniture sale brought in £122,520. A pair of Chippendale carved gilt wood mirrors realised £6,400 and a similar wall mirror £3,200. The top price was the £6,600 for an 18th-century Dutch marquetry china cabinet. A 19th-century sculptured white marble figure of a girl playing a flute by Pelliccia da Carrara, dated 1538, went for £4,600.

Sea defence

WORK ON the first stage of a £5m sea defence scheme to protect 20 miles of coast between Happisburgh and Winterton, Norfolk, will start this month.

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UK NEWS

Computer can store 3,000 novels

By Max Wilkinson

U.S. COMPUTER peripherals manufacturer yesterday announced its first disc drive memory unit capable of storing more than 1bn characters of information.

The unit, developed by Memorex, occupies one square metre of floor space. It contains two separate magnetic disc spindles, each with a capacity of 635m bytes, or computer characters. Together they can store the equivalent of 3,000 novels.

Access

Magnetic discs allow the computer to gain almost instant access to any part of the stored information.

The units, which will be available in Europe in September, are designed for attachment to International Business Machines' 303X computers. IBM currently offers disc drives with 317m bytes as the largest capacity in a single box.

Disc drives store information on magnetic platters which rotate at high speed. The discs resemble gramophone records, but the principle of operation is more like that of a tape recorder. Moving heads can both record onto the disc and read information previously recorded.

21 times

The increase in capacity of disc drives in recent years has been one of the most significant trends in computing. Eight years ago a Memorex machine occupying the same floor space as the new computer could store only 66m bytes of information. By 1975, capacity had increased to 300m bytes and now it is 1,387m bytes—21 times the 1971 capacity.

Executive stress is worse down the pecking order

BY JAMES McDONALD

PEOPLE IN executive jobs most likely to break down under pressure or suffer heart attacks are not the chief executives but their assistants fighting for promotion, according to a team of specialist doctors who, under the auspices of the British Medical Association, have written a book on executive health.

They write that a central feature of business life is the battle for power and prestige, the pecking order.

"Some form of biological selection may operate which allows only innately healthier people to reach the higher and lonelier eminences of responsibility," say the authors. "It may be that only those with built-in resistance to stress succeed most dramatically in modern business life.

"If this is so, it seems logical to concentrate medical preventative procedures upon the second stratum of executives and on those younger men with apparent ability. Those who have got to the top are there because of their special toughness, and they have already passed the selection tests of time and experience."

When it comes to stress, what applies to men also applies even more to women. "I do not mean the extra pressures for a woman trying to climb the executive ladder against possible male—and female—prejudice," says one of the writers. "The pressure I am referring to is that of trying to do two jobs at once. Working all day and then starting again in the evening is bound to add to the stresses of executive life."

There was no sign that women suffered more stress-related illnesses than men, but smoking was still increasing among women and they were inclining more to alcoholism.

The book gives advice on everyday health problems and warns readers of the dangers of smoking and heavy drinking. It gives advice on how to minimise the effects on health of business trips abroad, including jet lag, and on the value of exercise and relaxation. It concentrates, however on the two most worrying health problems for the executive—stress and heart disease.

"Some degree of stress seems to be necessary to add zest to an existence which might otherwise be only humdrum. We have no way of measuring the amount of stress which is ideal for the continued health of executives," the writers admit.

Although being an executive was less dangerous to health than being a miner or a steelworker, a breakdown in the health of a person in authority, leading to faulty judgment or erratic behaviour, could have serious consequences for a great number of people.

The BMA Book of Executive Health. Times Books. £4.95.

Uganda cholera warning

TRAVELLERS to Uganda may need to produce a certificate of vaccination against cholera after an outbreak near the Zaire border, the Health Department said.

Notices at British airports advise passengers to contact a doctor if they fall ill after returning from the country. Travel to Uganda may increase now President Amin has been deposed.

Workers' co-op at KME goes under hammer

By Rhys David

AFTER A long struggle for survival KME, the failed workers' co-operative on Merseyside, went under the hammer yesterday.

In quick succession and with only a short break for lunch, Henry Butcher, the auctioneers appointed by the liquidator Bernard Phillips, went through almost 600 lots of surplus stock, machinery and miscellaneous items of equipment, most now destined for small engineering companies.

The auction, continuing for two more days, attracted about 100 buyers to the large blue-painted canteen-cum-theatre-cum-ballroom attached to KME House, the administrative block next to the factory.

Rejection

For £300 they could pick up lots consisting of 25 of KME's Toprad radiators, some 2,000 of which were auctioned with the dispatch department's contents.

About 3,000 more radiators came up today, when the auction moves on to goods in the warehouse. Remaining radiators will be sold on Thursday.

Most of the lots yesterday were tools used to make radiators, before losses of £1.7m and a final Government rejection of pleas for further aid closed the 700-worker co-operative last month.

An Edwards 6ft by 18 gauge folding machine went for £460, a Triangle production spot welding machine for £160, 15 four-wheeled trolleys £60 and a voltage stabiliser £40.

Most purchasers, according to the auctioneer, Mr. Frank Howard, were owner-users, with few dealers present.

Some buyers had come from the U.S. and are thought likely to be in the bidding for heavy presses when these come up for auction today.

From among the former employees Mr. Jack Spriggs and Mr. Dick Jenkins, the two convenor-directors, and the men mainly responsible for trying to keep the enterprise afloat, were present with a few colleagues, but the work force generally decided to stay away.

Unfinished

The factory itself has a Marie Celeste appearance, with unfinished radiators at various stages of production lying around, work formerly in progress remaining at some benches, and drawers open as their last owners left them.

The plant, occupied in earlier incarnations by Thorn and Pressed Steel, is among the biggest in the area, and it is only by viewing it that the size of the operation taken on by KME's workers can be appreciated.

The shopfloor graffiti, which in Liverpool usually concentrate on football, reflect the men's bitterness with their fate inside KME.

"Seven years ha ha" one sign reads alongside another tipping Peter Grimes in the 1.30 at Ludlow.

"I want to dance," reads another, while beside it there is the rejoinder "You're going to dance right out of the gates." The most frequent, made all the more poignant by the sound of birds singing in the roof of the now silent building, is "We are all doomed."

Mr. J. L. Judson, auctioneer, at the KME plant yesterday

Warning of 'crisis' in beef and lamb prices

By Christopher Parkes

RAPIDLY RISING prices of beef and lamb could reach "national crisis proportions" this summer, Mr. Robin Pooley, chairman of the British Poultry Meat Association's marketing committee, claimed in London yesterday.

Warning of fillet steak at £5 a pound in six to eight weeks and mince at £1.20 a pound, topside roasts at £1.80 to £2, and rump steak at £2.50, he said. "Red meat prices could become another national scandal."

Mr. Pooley, who is managing director of Buxted, the frozen chicken company, added, however, that there could be some easing of prices in the autumn when beef and lamb supplies should rise in step with seasonal production changes.

He forecast a steady supply of reasonably priced chickens in the meantime at prices near present levels.

To counter the possible danger of heavier supplies of red meats depressing poultry prices unduly, Mr. Pooley disclosed that he had already arranged to ship out 10,000 tonnes of British broilers to the USSR, Cuba, Africa and the Gulf during October and November.

Subsidy

"The deal has been done and dusted," he said. If need be, he had options to ship even more broilers out of the country.

The exports will be helped on their way with an EEC subsidy of 6p a pound.

Mr. Len Moss, of the Meat Traders' Association, dismissed Mr. Pooley's claims about future prices as "absolutely ridiculous."

Mr. Moss said: "He's talking rubbish ... the customers would not stand for prices like that, and he is ignoring the ample supplies of pork and New Zealand lamb."

Prices of pork and imported lamb were virtually the same as at this time last year, Mr. Moss said.

Mr. Pooley also warned about imports of "lollipop" frozen chickens now coming into the UK from Holland and Denmark. He claimed that these imports, subsidised by the EEC, were inferior in most ways to UK birds.

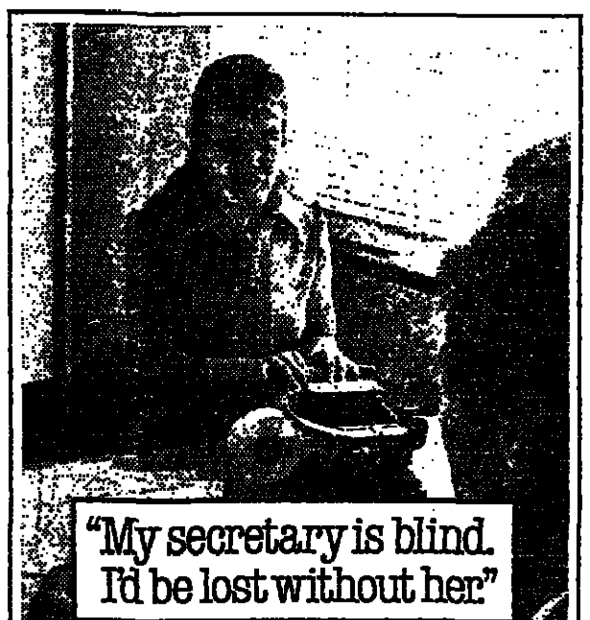
Samples analysed in his company's laboratory contained an average of more than 25 per cent added water, Mr. Pooley said. Average water content of British frozen broilers was 8 per cent.

Bacon imports, Page 31

Prentice names his secretary

MR. REG PRENTICE, Minister of State for Social Security, has appointed Mr. Cyril David Townsend MP, to be his Parliamentary Private Secretary. Mr. Townsend, 42, has been MP for Bexleyheath since 1974.

Dr. Gerard Vaughan, Minister of State for Health's Parliamentary Private Secretary will be Mr. Tim Rathbone MP.



Sandy takes down her boss's dictation accurately, then types it out from her braille shorthand. Good speeds, good page layout.

Sandy says there's nothing special about that—and she's right. The fact that she's blind makes very little difference to her *efficiency*.

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A FINANCIAL TIMES SURVEY
OVERSEAS CONSTRUCTION
JUNE 26 1979

The Financial Times proposes to publish a Survey on Overseas Construction. The main headings of the provisional editorial synopsis are set out below.

Introduction Competition for profitable work overseas has become more intense in the past 12 months, with some of the biggest markets proving more difficult than ever. Many large contractors face the problem of finding sufficient work to justify a continuation of their high overseas commitments in terms of finance, plant and personnel.

UK Contractors Abroad
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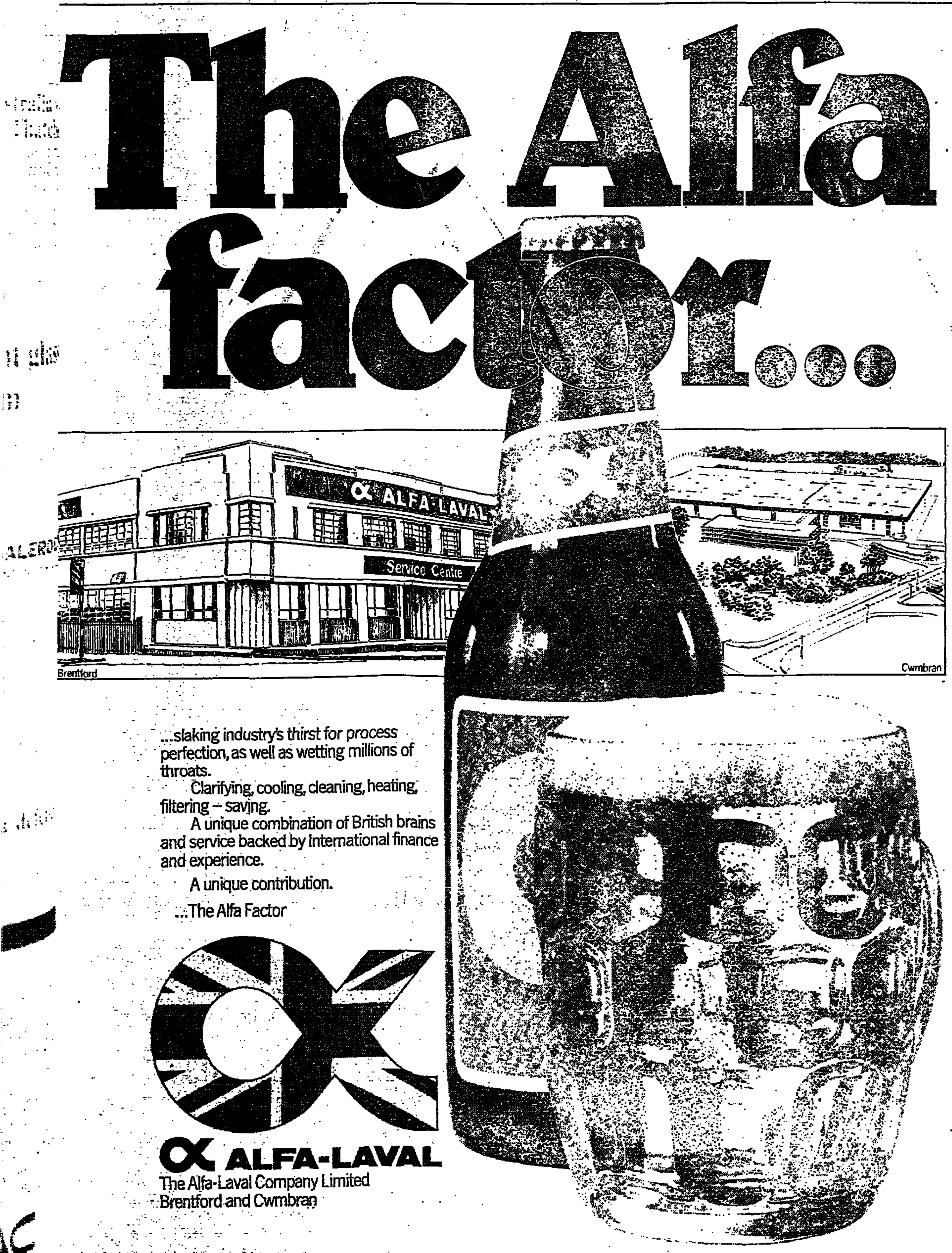

ART GALLERIES

BLOND FINE ART, 33 Sackville St., W.1. 437 1230. BRITISH LANDSCAPE PAINTINGS 1900-60 — Allinson, Bomberg, Grant, Hitchens, Meninsky, Morris, Nash, Seabrooke and White. Also CHRISTOPHER WOOD—Drawings. Until 9 June.

FINE ART SOCIETY, 148, New Bond St., W.1. [illegible] OF GREECE and HENRY & HORNEL in Japan 1893.

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon.-Fri. 10-6.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Sq., W.1. 499 9493-4. Important exhibition of the French late Impressionist painter Marcel Vertes, including oils, watercolours, drawings and lithographs.

JPL FINE ARTS, 24, Davies St., London, W.1. 01-493 2630. PIERRE BONNARD DRAWINGS, May 29-July 5. Mon.-Fri. 10-8.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

MORTON MORRIS & CO. (In association with J. L. W. Bird), 32, Bury Street, St. James's, London, S.W.1. 01-930 2825. *Exhibition of 19th century watercolours* of the WEST INDIES until 22nd June. Weekdays 10.00-6.00, Sat. 10.00-1.00.

MALL GALLERIES, The Mall, S.W.1. Society of Graphic Artists. Mon.-Fri. 10-5. Sats. 10-1. Until June 15. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. SIDNEY NOLAN. Selected works and new graphics. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings, including Blanchard, Chetlous, Deschamps, Delin, Grosot, Herve, Jacob, Pesset, Robin, etc., and fine modern British marine paintings and watercolours.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. LESLIE PROTHERO. Until 15 June.

TRAVEL

CHUG THROUGH THE CHILTERNS on a colourful canal boat. Bridgewater Boats, Berkhamsted (04427) 3715.

EXHIBITIONS

GROSVENOR HOUSE ANTIQUES FAIR, Park Lane, W.1. 13 June 5.00 p.m. to 10.00 p.m. 14-23 June, 11 a.m. to 7.30 p.m. Closed Sunday. Admission £2.00 including illustrated handbook.

Doctors and dentists set for 25% pay rises

BY NICK GARNETT, LABOUR STAFF

THE CHIEF element of yesterday's report of the Review Body on Doctors' and Dentists' Remuneration, set up in 1971 to advise the Prime Minister on pay for these groups in the National Health Service, is the recommendation to improve pay rates by an average of 25.7 per cent from April 1, this year.

This has been accepted in full by the Government, with all the others in the report. It represents the second of a three-stage process to bring doctors' and dentists' pay into line with that of comparable groups by April 1, 1980. The third stage will be the subject of another review body report.

In addition, yesterday's report "prices" individual items in the new contracts agreed for consultants and for medical assistants. Pay based on these new contracts is much more closely related to variations in work done and responsibilities undertaken by individual consultants than under the old contracts.

Last year, the Review Body recommended payments in three stages for doctors and dentists. The first stage, worth 10 per cent, was paid. The basis of the 1979 report are the findings involved in the second stage payment, updated to April, 1979, levels by relating them to changes in earnings for other groups.

The review body makes it clear that doctors and dentists will have regained their rightful position in the earnings league only when "substantial" 1980 stage-three payments are made. These payments, says the report, will then reverse what it refers to as a serious decline in the morale of the groups.

The report says, however, that there is a need to stage the payments, and not pay everything in 1979 that it believes is due to the doctors, in total. This staging, it argues, is necessary to contain inflation.

The report affects 27,000 general medical practitioners (1978 figures); 33,000 hospital doctors, including 12,000 consultants; 13,700 general dental practitioners, with some small related groups.

The total estimated cost of the general increase in pay, excluding expenses, superannuation and national insurance contributions, is £199m. Although the average rise in rates is nearly 26 per cent, increases in earnings vary for different groups. For junior hospital staff this is estimated at about 23 per cent, but it might be 30 to 40 per cent for some consultants taking into account payments under the new contract.

Estimated effect on earnings: house officer on the minimum from overall pay of £4,950 last year to £6,024; senior registrar on maximum from £9,065 to £11,090; consultant on maximum from £12,084 to £15,909 (though on a slightly different basis for calculation); general medical practitioner, average net remuneration of £10,280 to £12,867 excluding hospital work; and general dental practitioner from average net income of £8,829 to £11,128.

The new contracts involve the creation of 10 basic contractual sessions ("notional half days") per week with the possibility of extra regular sessions. There are new fees for certain emergency calls and heavy on-call responsibilities. There are some changes in paid official travel. The total cost of the new contracts could reach £23.2m in the first full year or 14 per cent of the 1978-9 pay bill for consultants and medical assistants.

Examples of the salaries recommended yesterday compared with those which came into force in April, 1979.

	April '79	New salary
Head of Home Civil Service/ Permanent Sec. to Treasury/ Secretary to Cabinet	£25,211	£28,211
Under Secretary	£14,714	£16,714
Admiral of the Fleet/ Field Marshal/Marshal of the Royal Air Force	£24,936	£27,936
Rear Admiral/Major General/ Air Vice-Marshal	£14,714	£16,714
Lord Chief Justice	£29,792	£32,792
Master of the Rolls/ Lord of Appeal	£27,261	£30,261
High Court Judge	£23,386	£25,886
Circuit Judge/Chief Metropolitan Magistrate/Sheriff A (Scotland)/ County Court Judge (N. Ireland)	£16,015	£18,015
Nationalised industry chairman		
NEB	£40,135	£43,635
BSC	£38,195	£41,695
Post Office/British Rail/British Gas/British Shipbuilders/ National Coal Board/British Airways/British Aerospace/Electricity Council	£32,945	£36,945
National Freight Corporation	£25,025	£28,025
British Waterways Board	£15,445	£17,445

Salaries 'failure' criticised

By Alan Pike, Labour Correspondent

MOST OF the more acute problems which have faced the top salaries review body over the years have resulted from the "postponement of decisions on difficult or potentially unpopular aspects of public service pay, particularly at top levels," says the Boyle Committee in its report published yesterday.

The committee says that in its experience postponement simply increased the problem and had a circular effect of its own. It would be a matter of great concern if, having accepted the recommendations of last year's report from the committee "which had become a problem of such proportions largely because of the failure to implement our 1974 recommendations in full" the Government again deferred action on the adjustments needed to bring the recommended salary levels into full effect in an up-to-date form.

Failure to bring the 1978 recommendations up to date in this way now would be a first step towards renewal of the problems which the 1978 decision tackled. It could lead to future difficulty in the face of a new accumulation of increases which, if dealt with at regular annual intervals, would more readily be seen to reflect the situation developing outside the public services.

In its report last year the review body recommended salary levels appropriate at April, 1978, and these are being introduced in stages to April, 1980. Yesterday's report recommends revised levels appropriate at April, 1979.

The report covers the salaries of senior grades of the higher Civil Service, senior officers in the armed forces, the higher judiciary and chairmen and members of nationalised industry boards.

Nuclear power station shut

BY PAULINE CLARK, LABOUR STAFF

THE TRAWSFYNYDD nuclear power station in North Wales—one of the largest in the country—was shut as a precaution by the Central Electricity Generating Board yesterday when 100 technicians in a pay dispute voted to continue their unofficial work to rule.

The technicians, who are acting in defiance of an instruction by their union, the Electrical Power Engineers' Association, to return to normal working, refuse to carry out nuclear emergency training exercises.

The board said yesterday that although there was no radiological hazard and it had not been ordered by the Nuclear Installations Inspectorate (NII) to shut the plant, it felt it had little option so long as it was unable to meet the requirements of the nuclear site licence. The Health and Safety Executive stipulates that trainig is essential so that staff can practice emergency procedures.

The shut-down of one of the most efficient power stations in the country is expected to cost about £425,000 a week in replacement generating costs because alternative power supplies will have to be found from coal-fired stations.

The 390 MW station will take 15 days to run down and another five days to start up again, although one of the two atomic reactors was already closed for its statutory two-year overhaul when yesterday's decision was made to shut down temporarily.

Mr. Ken White, station manager, said yesterday he hoped the staff would reconsider their decision. A ballot of technicians had shown that they were not prepared to carry out exercises that should have taken place last April, so the NII was unable to do its job of ensuring that the operation was satisfactory.

The Board points out that the technicians' demand for regrading has already been discussed within the national negotiating machinery and the results of arbitration on the issue had been accepted by all sides, including the Electrical Power Engineers' Association.

Staff claim their pay lags behind that of colleagues doing similar work in coal-fired stations. They insist on local negotiations to sort out the problem.

Union seeks renewal of aid to Prestcold

BY ALAN PIKE, LABOUR CORRESPONDENT

THE Amalgamated Union of Engineering Workers yesterday appealed to the Government to continue supporting the two Prestcold factories in Scotland, where 900 jobs are at risk, in the hope that a buyer for the plants can be found.

For the past three months the Scottish Office has been financing losses at the two factories under arrangements initiated by the Labour Government. A decision from the present Government on whether to renew this arrangement is due this week.

Mr. Terry Duffy, president of the AUEW, said yesterday his union was convinced that the Prstcold operation in Glasgow could be viable: the Conservative Goverment had indicated it would not support lame ducks but here it would be supporting a going concern.

The AUEW executive is writing to Sir Keith Joseph, Industry Secretary, urging him to continue to support the Prestcold jobs. Workers at the plants have drawn up a plan which they believe could ensure a return to profitability within 18 months.

Yesterday's AUEW executive meeting also decided to resume talks with leaders of the Electrical and Plumbing Trades Union on a possible amalgamation between the two. The talks have been suspended for some months while AUEW leaders tried to resolve the difficulties of their existing amalgamation.

Social workers end strike

By Pauline Clark, Labour Staff

THE LONDON Borough of Tower Hamlets, target of the longest strike by social workers, received its first sacks of mail for nine months yesterday.

The Post Office whose postmen had refused to cross picket lines, restored deliveries as the pickets were withdrawn pending a full return to work by the 160 social workers on Monday.

The council and strikers agreed on a pay and grading structure, with payment for special responsibility in a socially deprived area.

Problems of undermanning due to delays in recruitment and a backlog of mail which the GPO estimates will take three more days to clear are likely, the council says, to take "many months" to sort out.

The Tower Hamlets return to work is the tail-end of national strikes by social workers which began last August in Newcastle upon Tyne and Tower Hamlets with official backing of the National and Local Government Officers' Association.

At its worst point, the action involved 3,000 social workers in 14 areas. Their demand was for local bargaining on pay and grading.

A national framework fo[r] regrading of social workers with local circumstance[s] taken into account, was ironed out with union leaders i[n] February. All but the Towe[r] Hamlets strikers returned t[o] work after local settlement[s].

Further fringe disagreements between the boroug[h] and its social workers, partl[y] over the council's insistenc[e] on reorganisation of th[e] social services departmen[t] delayed the Tower Hamle[ts] settlement. Agreement h[as] been reached on regradi[ng] and pay rises of betwe[en] £400 and £1,000, with £3[...] more for the "local stre[ss] factor."

About 60 social workers le[ft] during the dispute.

Worst hit by the strike, [of] course, have been the peop[le] needing social services. Wi[th] a £16m budget for soci[al] work Tower Hamlets is t[he] biggest spender per head [on] social services in the count[ry].

Tube pay talks 'useless'

By Philip Bassett, Labour Staff

THE NATIONAL Union of Railwaymen said yesterday that it was useless for London Transport to call the union to talks aimed at averting a Tube strike for June 18 if no more money was available.

Routine talks set for yesterday to discuss pay with London Transport were called off by the NUR when union officials became convinced London Transport was not in a position to improve its 10.3 per cent pay offer.

Officials of all three rail unions met yesterday and re-affirmed the unions' claims for increases averaging 17-20 per cent for the 23,000 London Underground workers.

The train drivers' union ASLEF and the white-collar Transport Salaried Staffs' Association are expected to decide later this week whether to join the strike, although action by the NUR's 15,000 Tube members alone would be enough to halt all services.

Mr. Ted Miles, ASLEF executive member with responsibility for the Underground, said the *signs were that the strike would* go ahead.

The NUR's strike call was endorsed yesterday by meetings of Tube workers in London when they urged the executive not to call off the industrial action until the full claim was met.

Mr. Sid Weighell, NUR general secretary, said the Government had found money for its priorities, such as the police, armed forces and top-salaried people. If London Transport was considered to he an essential service, money should be found for that too.

Mr. Weighell will today meet Mr. Norman Fowler, Secreary for Transport, to discuss the Government's transport policy and in particular the 7 per cent diesel train passenger services cut announced by British Rail due to reduced fuel supplies.

Bakers want 35-hour week

By Our Commodities Staff

BRITAIN'S BAKERY workers are to press for a 35-hour week and longer holidays in their next pay claim. Delegates at the annual conference of the 26,000 strong Bakers' Union in Margate have already voted for a "substantial" pay rise. Yesterday they completed their demands for the December negotiations.

Mr. Willy Ormesher, executive member of Merseyside, said that a 35-hour week without loss of earnings would result in fewer closures of bakeries and losses of jobs.

Delegates also approved a call for four weeks' holiday instead of the present three weeks and three days.

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We British are a peaceful people. When a war is over we like to consign it to the history books — and forget it.

But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now too easily forgotten; the widows, the orphans and children — for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

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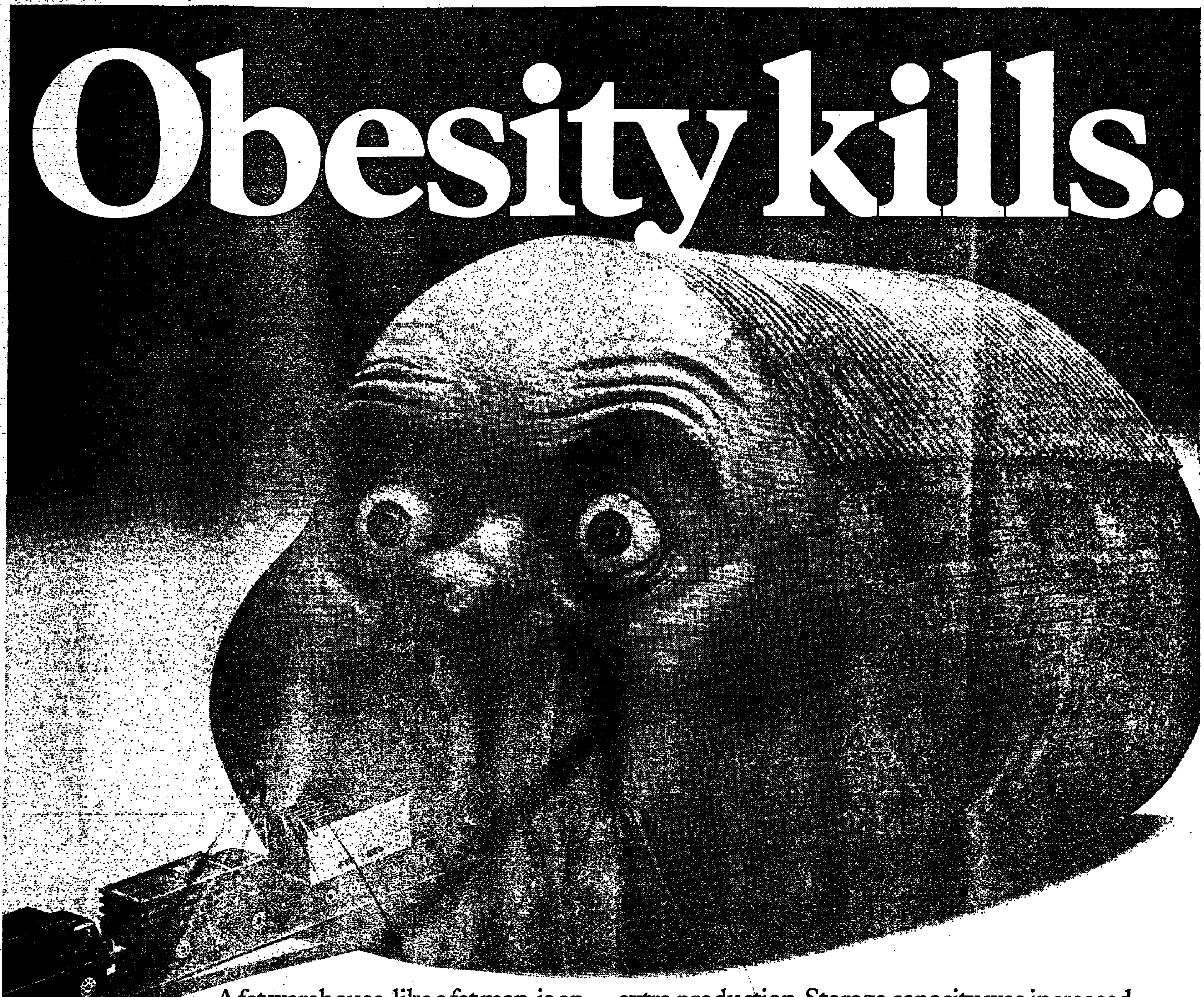

A fat warehouse, like a fat man, is an unhealthy one.

Usually, the problem is not that too many goods are going in. It's that they're badly arranged.

Rent, overheads, breakages and wage costs rise. So production and profits fall.

Stock levels and picking times increase, and customer service declines.

And, according to the evidence, the condition is a common one.

More than half the companies examined in a survey by the Department of Industry had an inefficient storage system.

And the total waste in British industry is more than £2,000 million a year.

It might seem that the answer to the problem is bigger warehouses. In fact, the answer is usually smaller warehouses, as many of our case-histories show.

In one case, we installed mobile shelving which reduced the width of the gangways.

Storage area was halved, which freed space for extra production. Storage capacity was increased by 20%.

Picking times were reduced by 60%.

The investment paid for itself in 18 months.

In another case, we made use of wasted roof-space with high rise, narrow-aisle pallet racking, together with two stacker cranes.

Storage capacity was increased by 80%, with no increase in storage area.

Product damage was reduced by 80%, overheads by 30%, and picking times by 20%.

You can read 100 of our case-histories in our "Book of 100 Answers."

And we can plan, supply and install anything from a bay of shelving to a complete automated warehouse.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TELEVISION

Flying dot makes the picture

MANY new areas of application for liquid crystal displays—including large flat-screen TV equipment—could be opened up if the possibilities envisaged in a newly patented invention can be brought to fruition.

A long way ahead of the present uses of liquid crystals in watches, calculators and the like, the invention proposes a general-purpose display system based on two liquid crystal screens built up from arrays of very thin parallel stripes of material and arranged so that the stripes are at right angles to one another. Behind these screens there would be a source of light—electroluminescent or projector-lit translucent panel, or the latter with a colour filter added.

To generate one spot of a given diagram, all horizontal stripes save one would be activated and all vertical stripes save one. The intersection of the two gives a "flying spot." By addressing the two rasters by appropriate signals, the spot can be made to move anywhere in the screen area, and at very high speeds when required.

Picture generation, which requires modulation of brightness, can be achieved by altering the intensity of the light source operating from behind the crystal planes. Or the flying spot itself can be varied as to light transmission by applying a voltage to the appropriate raster strip(s) to create a degree of polarisation.

Interposing a sequential colour filter between the liquid crystal displays and the light source allows working in colour.

The whole idea can be taken a stage further by back-projecting the image from the displays directly on to a ground glass screen or indirectly from a mirror to a screen. Thus there would be little to hinder users from building screens of virtually any size.

Whatever the final outcome of the invention, it could very easily be used to show waveform data and cinematic or motion picture type displays by using, with the screens, TV raster generated data or microprocessor encoders. The lattice-work segments may be addressed individually or in multiples so that several flying spots can be working simultaneously to form an image. And as said before, the screen can be made to carrying varying degrees of light and shade by appropriate polarisation of the liquid crystals.

Further details of this invention from Frank Burbank Associates, 30, Baker Street, London W1E 2EZ.

● HEATING

Cools it down

FOR THOSE who have to endure heat and the discomfort of poor ventilation in busy work areas, there is a portable variable speed fan designed and constructed by Airstream, 30, St. Thomas Street, Bristol (0272 293352).

Providing positive air movement with adjustable direction, and variable power speed from high speed down to a breeze, the Man Fan operates at a range of up to 25 metres. Its very low noise level, suggests the maker, makes it suitable even for retail outlets.

The fan is housed in a sheet steel case which has two wheels to make it easy to move around.

● COMMUNICATION

Broadcast units from Germany

ALREADY WELL known elsewhere in Europe, a modular public address system called Telmos, manufactured by AEG-Telefunken is to be made available in the UK.

Systems can be built up from over 40 modules, including items that have been designed to withstand hazardous conditions such as corrosion and explosion. There are separate modules for broadcast music, making pre-recorded announcements, controlling factory break periods and zone selection of broadcast material.

The design approach lends itself to easy supplementation, allowing the needs of a growing organisation to be met and the items are easily installed by plug-in connections — no trunking is needed.

More from the company's engineering division at Market Street, Maidenhead, Berks. SL6 8AE (0628 39171).

● METALWORKING

Japanese machining centres

VAUGHAN Associates has been appointed sole agent in the UK for OKK machining centres, manufactured by the Osaka Kiko Company in Japan.

The machines are available in horizontal and vertical designs and cover capacities from 400 x 400 x 400 to 500 x 800 x 2000mm with magazines for up to 40 tools. Automatic tool change is by random selection and the next tool is indexed into "ready" position during the machining cycle.

The Fanus control system normally fitted is stated to be backed by good service facilities in the UK.

A machine is to be installed at Vaughan's works in Abbeyfield Road, Nottingham during July, so that its capabilities can be demonstrated.

● DATA PROCESSING

Insac develops broad base

IN ITS first full year of operation, INSAC acquired key staff, invested in several significant new products, explored a number of U.S. acquisition prospects and launched marketing activities in the U.S. and the rest of the world. Start-up costs and investments produced losses for 1978 of £1.3m.

This organisation is one of the NEB's offshoots. It was set up under the previous government as a belated bow from DoI to the importance of the software industry in Britain, and recognised the fact that it is a very difficult industry to help directly, because of its very nature.

The Damocletian sword of Sir Keith Joseph is believed to hang over INSAC, though it has already produced concrete results from a minimal outlay.

The financial profile is expected to show losses for the early years while marketing channels are established and related products are developed.

Experience in 1978 led to a change of the initial five-year strategy and as a result business is developing along two separate paths. It provides finance for its member companies (CAP, Logica, SDL, SPL, Systime), via its product bank, to enable them to establish themselves in key international software produce markets.

In markets a range of Viewdata systems developed in conjunction with its member companies. In this connection it has taken an exclusive U.S. licence to Prestel, the Post Office Viewdata system.

During 1978 the "Product Bank" provided product/market development finance for a Series 1 version of RTL/2 (SPL), a range of interactive graphics products (CalComp/SPL), expansion of CAP-CPP Inc's U.S. activities, and Systel, a teleprocessing monitor (Systime).

Total funds invested or committed to member projects are now just under £1m.

In addition INSAC is investing in a range of Viewdata products which will be marketed throughout the world

In May the NEB approved INSAC's five year corporate plan which called for a total investment of £20m. INSAC's 1978 accounts indicate that £9m of equity finance has been committed by the NEB. These funding arrangements allow INSAC to continue with its current investment programme, to enter into long-term associations with major international corporations and to negotiate acquisitions in good faith.

Insac Data Systems, 17 Lincoln's Inn Fields, London WC2A 3EG. 01-831 7536.

U.K. software threat

ANOTHER BRITISH captain of industry has given a view on the forthcoming "silicon society" and what is needed for the UK to take its rightful place in it.

He is Colin Crook, managing director of Rank Precision Industries, speaking at a luncheon during the recent Microcomputer Forum held by Motorola at the IEE.

Pointing out that in the U.S. the success of the microcomputer industry can be traced to the efforts of perhaps "30 people" backed by energetic well-paid teams, he said that British industry would have to return to the days when the individual counted — financial differentials would have to return. Furthermore, the country would have to stop fighting technology and start to exploit it.

Mr. Cook also cast a sideways glance at the UK national effort to enter chip production in relation to the moves of established companies—he feels that the trick will be not so much in making the chips as in deciding what circuits to put on them, bearing in mind that transistors on a chip is not too far away.

The trend, he said, will be away from the silicon chip and into the silicon system implying that this could have some serious effects on what he called the "great white hope" for the UK to date—our pre-eminence in software.

The UK would have to pay particular attention to the needs of the chip and its successors because the U.S. he said, is already moving rapidly in assembling the necessary resources for a determined assault on the 810 line of code. Their aim is five cents per line or even lower, via standard software modules in very large scale integrated form.

There would no doubt be an accompaniment of energetic and world-wide marketing.

The UK, said Crook, must recognise the rapid shifts taking place in this area and anticipate the future needs of microsystems now: 1984, he said, would be too late just as our sudden discovery at establishment level of the chip in 1978 was about three years too late.

● TRANSPORT

Lifts cars in and out of parks

ALREADY SHIPPED to Saudi Arabia is the first example of a new automatic car park access system for installation there by Korean contractor, Pacific Construction Company. It has been designed by Power Lifts, Hadley Works, Caxton Way, Holywell Industrial Estate, Watford, WD1 (Watford 27724).

Car parking system consists of two heavy-duty four-ton capacity scissor elevators each enclosed in a shaft and having a movement of 5.6 metres in 20 seconds. One lift is responsible for entry into the two-storey underground car park, the other copes with the exit.

Operating procedure is automatic. When a vehicle approaches, a sensing device raises a barrier to allow the vehicle to enter the lift. Barrier then closes and the driver initiates movement by operating a control switch, whereupon the lift lowers to garage level—a vacant space and the appropriate floor being selected by an automatic counting device.

Upon arrival, the shaft barriers open, the vehicle drives off, and the barriers close having sensed the vehicle's exit. Lift then returns to road level.

Vehicle exit is by the second lift, the procedure being similar to that of entry.

Scissor lift principle of elevation, says the company, eliminates both overhead winding gear and deep excavation as it is possible to locate the closed section of the elevator in a shallow pit.

For the equipment now in the Middle East, an air blast cooler is fitted to the hydraulic system to prevent overheating in the *extreme climate.*

Water level monitor

WITH EXPERIENCE gained from equipping British Rail locomotives, Bayham is to introduce a gauge intended to eliminate overheating in commercial vehicle engines due to water starvation.

When the radiator water level drops below the required minimum an alarm sounds in the driver's cab. He then has 30 seconds to pull the vehicle to the side of the road before the engine cuts out.

The device will only allow running of the engine when the water level has been topped up, and the company claims that the instrument is completely tamper-proof.

More from Rutherford Road, Daneshill West, Basingstoke, Hants (0256 64911).

● HANDLING

Eases flow from silo

STICKY OR non-free-flowing materials such as soya meal, sawdust, flours and starches, etc., can now be discharged evenly from flat bottomed silos or storage vessels with the Bowerhill-Parcey Planetary Extractor, asserts the maker, Bowerhill Engineering, Lysander Road, Bowerhill, Melksham, Wilts. (0225 708519).

Use of this type of extractor should guarantee easy flow with no bridging or rat-holing, and true "first in—first-out" conditions giving strict stock rotation, says the company.

Said to be simple in design and operation, drive mechanism of the extractor is housed within a triangular crossbeam over the floor of the silo. This is supported at either side of the silo only, thus permitting a screw auger to rotate around the entire base area of the silo.

As the screw turns, it draws material to the centre of the silo where it is discharged through an aperture and feeds on to a cross conveyor.

Deflectors mounted over the outlet prevent any gravity flow of the silo contents; for this reason, the planetary extractor can also serve as a volumetric feeder.

Because it is designed for installation in flat bottomed silos, very considerable gains in storage capacity are achieved over equivalent silos with conical discharge, claims the company.

● COMPONENTS

Senses the pressure

INDUSTRIAL pressure transducers from Darenth Weighing Equipment have been designed to suit both conventional and computerised process control systems.

Typical applications include process weighing, monitoring electrical supply cable gas pressure, process pressure measurement in petrochemicals and pressure measurement in soil mechanics.

A self-contained unit with signal conditioning and power supply it requires little site work.

The range embodies over 20 standard transducers and replaces the earlier series which still remains available for replacement.

Pressures are from 1 millibar to 300 bar-gauge, absolute or differential with output in bipolar voltage up to 20v or 4-20 milliamps.

Pressure-sensing is by a corrugated capsule stack, capsule displacement being deliberately small, and movement is converted to an electrical signal by a linear variable differential transformer. The resulting signal is conditioned and compensated for temperature change, before driving the output circuit, to achieve good hysteresis and linearity characteristics.

Individual circuit boards are used for each function and are mounted on a sub-chassis for housing in the various enclosures.

Normal operating voltage is 110/240 Vac +15 per cent, but options include a battery supply. The unit will perform in ambients of −10 deg to +50 deg C.

Darenth Weighing Equipment, Cray Avenue, Orpington, Kent BR5 3RJ. 0689 72901.

● LUBRICANTS

Controls the supply of oil

NOT ONLY petrol and heating oil will need to be conserved as prices escalate but the consumption of lubricating oils will also need to be more carefully considered.

One answer of course is simply to not feed more lubricant to moving parts than the minimum requirement, and certainly to cut off the supply when the machinery is not in use.

Bielomatik of Cotswold Street, London SE27 0DP (01-761 1211), a supplier of oil, grease and fluid grease lubrication systems, has developed the Timepulse model BZ device which combines lubrication pulse control with a zoning facility to activate lubrication only during desired periods of plant operation.

Basically, the electronic unit arranges "shots" of lubricant in a central system at appropriate moments and ensures that they go only where they are needed.

A number of models are available. One of them can cascade three timers to control three parameters of an operation at the same time.

● MATERIALS

Has high resistance to heat

REFRACTORY mixed-fibre felts which will resist temperatures up to 1600 degrees C are now being manufactured and marketed by Morganite Ceramic Fibres.

These materials are to be marketed under the trade name Unifelt and are stated to consist of vacuum-formed sheets which are produced from intimate blends of Morganite's Triton Kaowool aluminosilicate fibres and ICI's Saffil alumina fibres with the addition of a flexible organic binding medium.

The presence of the binder is said to give the felts outstanding resilience and to almost eliminate dust. Unifelt materials can be bent, cut, compressed, glued to themselves or cemented to other materials to form a variety of seals, joints and blocks.

The company says that, on first firing, Unifelt expands in the thickness direction and that *this expansion is of value in* the sealing of cavities and especially in modular-block "veneering" of furnace linings. Veneering is the technique of applying a thin layer of fibrous refractory to the hot face of an existing furnace lining.

More information about this material can be obtaind from Morganite Ceramic Fibres, Tebay Road, Bromborough, Wirral, Merseyside L62 3PH. (051-334 4030).

● IN THE OFFICE

Easy view of fiche

THREE microfiche readers have been added to the DatagraphiX range of COM equipment, for reading either COM generated or conventionally microfilmed images at 24x, 42x, or 48x reduction.

Datamate 80 gives a reader image enlarged to 80 per cent of original size. It incorporates fiche carrier with rapid opening glass flats lens and a floating lens system which allows the fast interchange of lenses.

Model 100 displays an image equal to original size. An advanced dual lens system allows the image magnification to be changed without replacing the lens units.

A further model, the 175 has the same lens system as the Model 100, but the screen image is to 75 per cent original size for COM data and 100 per cent for conventionally microfiched documents. More from Drift Road, Windsor, Berks. (03447 5611.)

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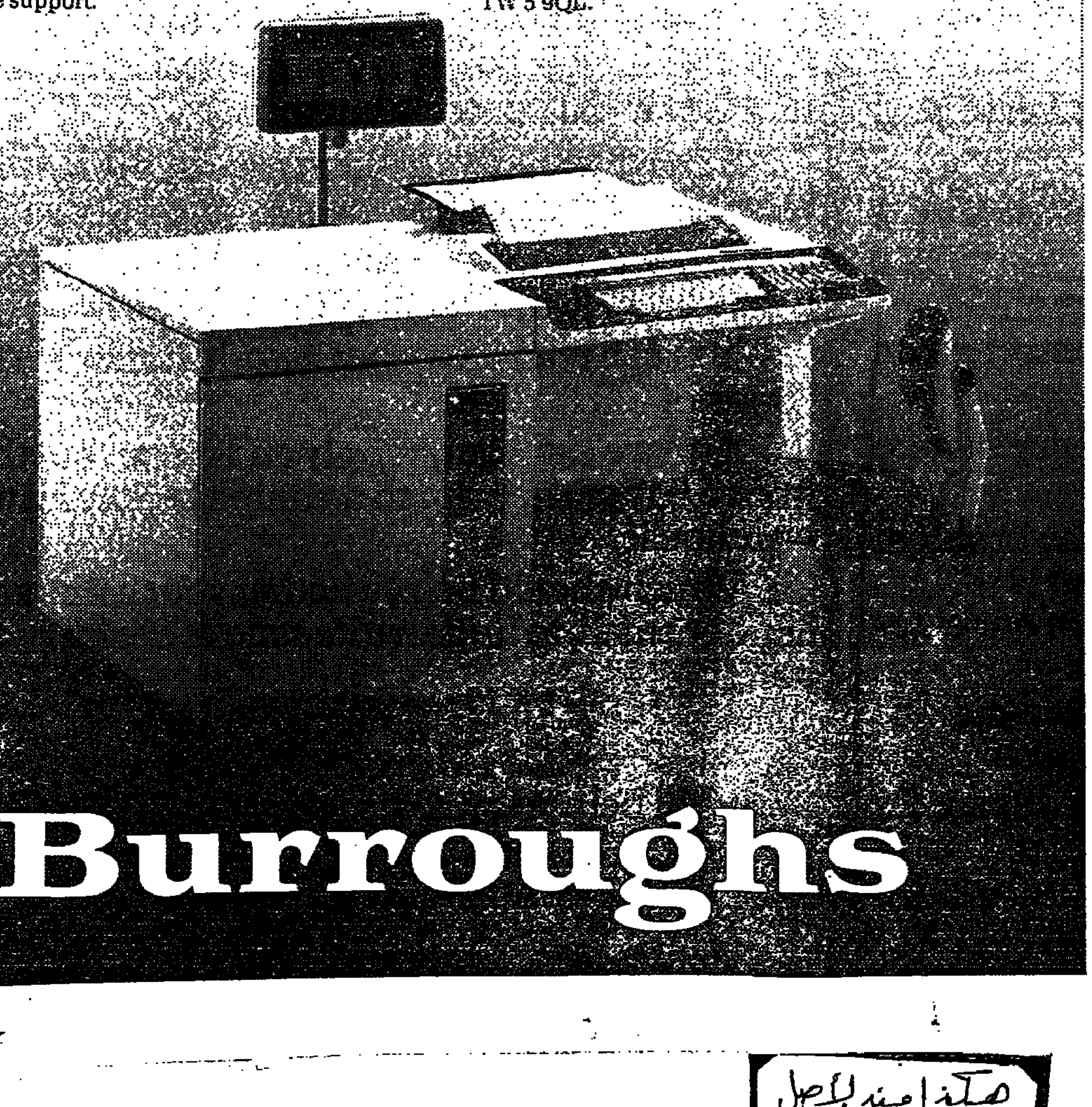

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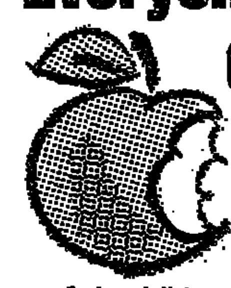

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS LAW

Germany mirrors UK on small firm protection

BY A. H. HERMANN

RECESSION ALWAYS triggers off new business legislation and in Germany more so than elsewhere. Some of the legislative projects now afloat in Bonn could have a direct international effect—on mergers, banking, and design protection, for example—while others will influence European legislative trends indirectly. The 1980 general elections will speed up some of these projects and delay others—an experience all too familiar in Britain.

And the similarity doesn't stop there. With the exception of banking, the unsolved business law problems are very much the same in both countries.

Even a brief visit to the Bonn government departments concerned with business legislation reveals that, as in the UK, German attention is now focused on the need to protect small and medium-sized businesses against companies wielding great market power, be it as suppliers or as buyers. German merger control is being pushed into the political ambit—it has always been there in Britain—and Germany is also catching up in the field of consumer protection legislation.

Its problems in the field of patents, copyright and design protection are no different from those awaiting solution in the UK and the EEC proposals on patent licensing and on the introduction of an EEC trademark are equally distrusted in both countries.

Watertight

Mergers: The bill for the fourth revision of the Competition Act is now in the economic committee of the German parliament. After the summer recess it will move into the legal committee and may become law towards the end of this year or early 1980. If adopted in its present form it will become almost impossible for a company with a yearly turnover of DM 2bn or more to obtain a Federal Cartel Office approval for any acquisition, however small. In particular, the law would make it impossible for such a large company to gain, by acquisition, a 5 per cent share in a market formed mainly by small- or middle-sized firms. In such a market there would also be a ban on mergers between two or three leading companies, if, taken together their shares command up to 50 per cent of a market. In every case the Cartel Office could consider either the national or a regional market, whichever better suited its purpose.

The provisions of the bill are so watertight that no large company could get away with a takeover of any significance by defeating the Cartel Office in the courts. The only hope would be a reprieve of the prohibited merger or acquisition by the Minister of Economics—and in this way the German situation would come much closer to British merger control—which also operates on the political level.

A sudden realisation that such strictness of the law could be counter-productive from the Cartel Office point of view—by removing the decision making process to the Ministry of Economy—may help the industrial lobby to achieve a relaxation of the bill.

Buyers' Power: The German public has, for some years, been concerned about the power which departmental stores and supermarkets exercise over their suppliers, enforcing special discounts and advantages. This is a problem which has only recently emerged in the UK, and is at present the subject of a major investigation by the Monopolies Commission *into discounts for retailers.*

Based on the principle of the U.S. Robinson-Patman Act which outlawed quantity and functional discounts, the revised German Competition Act would extend its anti-discrimination rules also to such situations where a powerful retailer, in such a category as Tesco or Sainsbury, insists on obtaining from his supplier goods at a cheaper price and at better conditions than enjoyed by the corner shop. The retail business is much less concentrated in Germany than in Britain; small shops there have a correspondingly greater political leverage.

Consumer protection: Another major piece of business legislation which will become law in 1980 is the revision of the Act Against Unfair Competition. As the name suggests, this Act was originally designed to protect trader against trader, but over the past decades courts have used its provisions to protect consumers. The revised Act will go further in this direction by enabling consumers to get money back if goods were sold under a false description. It will also enable courts to award damages where goods were falsely described and the customer consequently bought something he did not want, even if the unwanted goods are good value for the price paid.

Suspect

German consumers' associations at present are able to sue suppliers on behalf of their members, for example in cases of untruthful advertising, but this possibility has been abused by lawyers who have formed a "consumer association" for the purpose of "warning" manufacturers whose advertisement they find suspect and have demanded from them a contribution towards expenses under the threat of legal action. To remove this mischief the revised Act will confirm the power of consumer associations to bring a "class action" but will introduce an obligatory registration of such associations with courts to ensure that only genuine consumers' associations can make use of this provision. The revised Act will also outlaw pyramid selling — discounts offered to consumers on condition that they procure further sales.

Copyright and Designs: As in Britain, in Germany also lawyers have not yet succeeded in finding a suitable way of safeguarding royalties for works which are privately copied on tape. A 5 per cent fee originally imposed on tape recorders—at the time when the manfacturers' price for a tape recorder was £80— is no longer sufficient now that the price is down to less than a quarter. The possibility of imposing the fee on cassettes was considered, but the German manufacturers of cassettes protested, fearing that while they would be paying the full fee, importers of cassettes would only pay a fraction as the quantity of cassettes imported from Japan and *Hong Kong is being* systematically understated on customs declarations.

Another argument against taxing tapes is the expectation that in the same way as reprographic copies can now be made on plain paper, so it will not take long before magnetic tracks will be applied to ordinary plastic or paper tapes with the result that the source of income would again be lost.

Storm

Another problem created by the advance of electronic reproduction concerns the protection of type-face design. The faces used in metal type are protected but not those derived from them by electronic transformation—by changing dimension and slant, *for example.*

Patents: One would have expected that, with the European Patent Office located in Munich and the European Patent Convention bearing such a striking resemblance to German patent law, Bonn would have nothing much to complain of. However, a storm in a teacup seems to be raging in the patent agents' fraternity.

The British patent agents who opened offices in Munich call themselves European Patent Attorneys, a translation of "Patent Anwalt"—the description used for patent agents in Germany. However, they claim that they have much stricter admission requirements; they have to study a technological discipline as well as law. They argue that English patent *agents* are not in the "Anwalt" or "Attorney" category and should call themselves European Patent Agents.

The German patent agents went as far as to threaten court atcion but are being soothed by Bonn. The trouble is that though "agent" sounds perfectly well in English it somehow lacks dignity in German. The European Patent Convention uses the term "Patent Vertreter" which translates "patent representative" but this was not found to be helpful either.

Trade marks: The EEC project of a system for registering Community Trade Marks was originally favoured in Bonn but doubts about its feasibility have now got the upper hand. The German system of trade mark registration uses rather strict criteria when it comes to similarity. Applications are being scrutinised by a computer for similarity with the textual, pictorial or any other features of trade marks already registered.

Even when only German trade marks are taken into account, it is becoming rather difficult to find an acceptable new one.

If the territory were enlarged to embrace the whole of the EEC, it would be almost impossible to find a new combination of letters, words or pictures which would not be confusingly similar to one already registered in one of the countries. The result of a Community trade mark system might then well be that it would become impossible to register any new trademark.

Motor Insurance: There are 22m motor cars on German roads and about 20m insurance claims are made each year. The German insurance companies now deal with small claims immediately, without asking for any proof of loss or damage, but larger claims, especially where there are cases of serious injury, often lead to protracted litigation. No-fault insurance is not seen as a solution because it is practicable only with low limits on compensation.

While in Belgium, France and Switzerland limits may be set *freely—as far as competition* between insurance companies allows—German law does not allow limits for personal injuries to be lower than DM 750,000 (£200,000). Another unsolved problem is that of delayed consequences of an injury. A legislative solution of these insurance problems is being discussed in Bonn at present but seems by no means imminent.

Differing views on expatriates

BY JASON CRISP

IS nationality a help or a hindrance for someone seeking employment in an overseas post? Or, to put it the other way round, is there any particular advantage for a company to employ one national in preference to another for an overseas position?

Apart from the well studied problems of adjusting remuneration for inter-country moves there are other factors which affect the costs and desirability of employing different nationals. These factors depend largely on the policies and attitudes of the individual's base country.

A comparative study* of the way in which eight countries treat their expatriates, conducted jointly by two Geneva based consultancies, Business International and Consultex, has found that indeed the expatriates of certain countries are regarded as being more favourably competitive in international employment markets than others.

Most of the countries examined—and there is a major and notable exception—believe that expatriates play a vital role in promoting trade. These countries, notes the study, have continued to improve the way in which their expatriates are being motivated and provided with benefits.

The exception is the U.S.—the only country to tax its expatriates while they are working abroad for a long period.

Most of the countries—France, West Germany, Italy, Japan, Sweden, Switzerland and the UK—displayed an attitude to their expatriates which ranged from "affectionate to quietly benign," noted the report. But the U.S. was altogether much more negative. "The general view of expatriates, expressed by individuals and manifested in the public statements of a number of important leaders, is that they have gone abroad for reasons of individual hedonism rather than for any motivation to positively contribute to the U.S."

There are a number of factors which can affect the cost and convenience of employing expatriates of different countries. They include: obligations to perform military service, obligations to pay taxes to the home country, and to make social security payments. Additional complications can arise for the expatriate has to ensure that children born abroad don't find themselves stateless.

But the overriding factor affecting cost to an employer is the employee's home country's attitude towards taxation. Educational costs can be significant and there is a wide variation between how an individual country's attitudes can affect its expatriates in this respect.

All the countries surveyed, with the exceptions of the UK and U.S., offer educational services to a significant number of their expatriates normally through subsidies for special schools.

The biggest cost factor, however, is the relative tax treatments of expatriates by their home countries. And it is here that the U.S. sticks out like a sore thumb.

"U.S. expatriates simply cannot compete on an equal footing *in such market,*" says the study. Either their employers must be willing to bear the extra cost of keeping U.S. employees at a comparable compensation level with peers of other nationalities, or the U.S. expatriate will have to accept a much lower standard of living.

The study reflects that while most companies can afford the luxury of national chauvinism when selecting employees for overseas assignments U.S. companies can less and less afford to staff their companies with U.S. employees. "Alone among international corporations, U.S. companies are replacing overseas staff with expatriates of other nationalities, almost exclusively because of the extra costs caused to U.S. expatriates by the policies of the Government."

There is an idiosyncratic example in the report on how the U.S. citizen can be taxed on a non-existent gain. Resident in Switzerland, he buys a SwFr 200,000 house with a bank loan in 1970 which he re-sells in 1978 at the same price and repays the loan to the bank. But because of the dramatic change in exchange rates (SwFr 4.30 to SwFr 1.50 to $1) the U.S. authorities will say he paid $46,500 for the house and sold it for $133,333, making a capital gain of $86,833. Should the company pay the tax on this gain?

The tax position of the U.S. executive is good news for aspiring British managers. According to the study U.S. companies are moving much more rapidly towards employing non-U.S. expatriates for their overseas operations. "Because of the language similarity and very attractive cost savings, these companies will actively look for British employees" it notes, adding that there is also a trend towards Canadians.

Expatriate Employees 1,500 SwFr from: Consultex, 15 Route du Grand-Lancy, 1213 Onex Geneva, Switzerland.

FRANCE: Expatriates recognised in constitution of Fifth Republic reflecting their important role in the history of France. Recent improvements in their treatment is aimed at helping exports. 973,000 expatriates (1.16 per cent of pop) 163,000 in West Germany.

WEST GERMANY: No official policy towards expatriates partly due to legacies of World War II. A number of measures have been adopted to improve their rights and benefits. Concern at ability of West German companies to compete in international markets has brought new laws. 847,000 expatriates (1.38 per cent) 171,000 in U.S.

ITALY: Expatriate policies concern highest levels of government because almost 10 per cent of population is abroad, but many are returning. 5,137,000 expatriates (9.17 per cent) 1,326,000 in Argentina.

JAPAN: No official policy but expatriates do receive considerable attention. The rapid growth of Japanese leaving country on temporary basis caused much discussion on country's obligations. Accepts responsibilities, especially educational needs of children. 420,000 expatriates (0.36 per cent) 145,000 in Brazil.

SWEDEN: No particular policy but recognises expatriates' role. Provides rights and benefits for them which have significantly improved in recent years. 68,000 expatriates (0.84 per cent) 15,000 in U.S.

SWITZERLAND: "Enormous affection" for expatriate community and their rights are protected by articles in constitution. A number of organisations to help those living abroad. 341,000 (3.30 per cent) 92,000 in France.

UK: No basic policy but by and large, well treated under present laws. 2,551,000 expatriates (4.56 per cent) 1,132,000 in Australia.

U.S.: "For reasons that are peculiar to the social composition of the U.S. and to its immigrant origins, the concept of expatriates is a particularly alien and uncomfortable one." No official policy. Recent change in tax treatment of expatriates shows that this topic is still as controversial as it has been ever since overseas earned income started being taxed again in 1962 after 36-year reprieve. 1,410,000 civilian expatriates (0.38 per cent) 262,500 in Canada.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Company status

Could you advise me as to the basic differences, i.e. the advantages and disadvantages of being a limited or unlimited company? Is there a book on the subject you can recommend?

It is difficult to advise in general, since many of the areas where differences seem unimportant may be most material in a given case. The main differences lie in the fiscal field, i.e. the difference between personal and corporation tax (if the company is not a close company) and in the advantage of limited liability in the case of a company. We strongly advise that you consult a solicitor rather than seek the answers in books. Gore-Browne on Companies, or Charlesworth's Company Law may offer some guidance.

A going rent

I am the lessee of a restaurant in Soho which, as you are doubtless aware, is inundated with Sex Shops and Massage Parlours. When my lease expires in the near future and I am called upon to pay the "market" rent for the premises, will the sort of inflated rents which can be paid by these establishments be taken into account?

The court can only regard formal evidence put before it, i.e., the then going rate in the area for a restaurant. If the rents which lawful tenants of other shops pay affect that rate, the court will have to take that into account. You should consult an expert valuer once your landlord serves on you a formal notice to determine your tenancy, i.e., during the last year of your tenancy.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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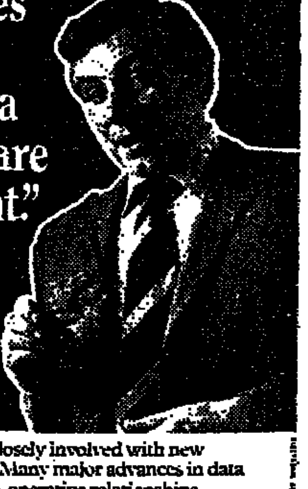

Banks have always been closely involved with new developments in computing. Many major advances in data processing are the result of co-operative relationships between the banking community and its computer suppliers.

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LOMBARD

The argument over Lome

BY MARGARET VAN HATTEM

FOR THOSE wondering why Europe's erstwhile colonies recently made the diplomatic equivalent of a V-sign at a $6.6bn offer from their former masters, it may be pertinent to take a look to see who is getting what out of the "special relationship" enshrined in the Lome Convention.

Last month the 57 African, Caribbean and Pacific (ACP) countries who had spent the past 10 months negotiating with the EEC for a successor to the 1976-80 Lome Convention broke off talks when offered the above sum to cover loans and grants for development projects, and export earnings guarantees, over the five years to 1986. Although they do not, in the end, expect very much more in cash terms, they objected to being told by the Community that if they did not like the offer, they could lump it.

Tactical

The Europeans may be correct in dismissing the ACP reaction as a tactical one and in assuming that, sooner or later, the 57 will be back to accept something not so very far removed from the original offer.

The ACP group includes a significant number of countries, many of them French-speaking, who seem to think it is nice of the EEC to help them, and who don't want to appear ungracious or ungrateful. Thanks to them, the EEC will probably once again get a cut-price convention which allows it to continue expanding exports of costly goods and services to the Third World, ensures its access to cheap raw materials, protects its overseas investments and, at the same time, enhances its image as an enlightened giver of aid.

There is another way of looking at it.

The Lome Convention gives the ACP free access to EEC markets for 99 per cent of their products, a non-reciprocal move which should, in theory, boost trade between the two blocs in the ACP's favour. But it doesn't. Since the convention began, the ACP's $5.7bn trade surplus with the EEC has turned into a deficit, although the overall volume of trade has more than doubled. The 99 per cent covers minerals and agricultural products which do not compete with the Community's own farm output—it does not offer much scope for the ACP's embryonic manufacturing and minerals processing industries, which might otherwise have developed beyond the residual 1 per cent.

The $4bn earmarked under the European Development Fund for development projects and for topping up export earnings on predominantly farm products (the Stabex scheme) in the first convention is not doing much to curb this trend. More than three-quarters of it flows straight back to the EEC to cover the cost of capital equipment, high-paid experts, insurance and the like which, under the terms of the convention, should be obtained from the EEC.

The money is, in any case, slow in flowing through because each project submitted by the ACP must, naturally, be approved by the EEC whose criteria for determining what projects are suitable do not always coincide with those of the ACP.

The proposed new convention is closely modelled on the old one. A few more products are to be included in the Stabex scheme. There may be a parallel scheme to protect production capacity—significantly not export returns — for minerals. And it will probably maintain the real value of the European Development Fund made available under the first convention, though it does not seem to allow for the fact that the number of Lome countries has since grown to 57 from 46. Whether it turns out to be more generous than the first convention depends largely on how hard the ACP fight.

Constraints

No one, not even the more cynical in the ACP camp, is suggesting that the 57 would be better off without Lome. Neither the Japanese nor the Americans are yet offering them anything comparable, and most consider that the constraints put on their own development by the convention are more than offset by the benefits. But if they do reasonably well out of the convention, the Europeans seem to be doing rather better. Where else could they place their experts on comparable salaries or sell their machinery at similar prices?

The Lome Convention is probably, on balance, a good thing. But the ACP cannot be expected to accept the package entirely on the EEC's terms. Let us be clear just who is helping whom.

Delights old and new

GARDENS TODAY

BY ROBIN LANE FOX

IN SPITE OF the fine lilacs and azaleas which the season has bunched together, I would like to leave these old friends on one side this week in order to return to some of the newer plants which came to my notice at the recent Chelsea Flower Show. Many gardeners miss out on good new arrivals in the families of hardy garden plants which are most worth growing. The ones I will discuss are all easily grown and will find a home in my garden next season.

But first, a word on what was for me the star turn of the whole occasion, a mere 3 in high but quite unusually difficult to grow well for any length of time in a European climate.

Ingwersens of East Grinstead, Sussex, would have earned their gold medal in my book solely for their showing of the infamous *calceolaria darwinii*. This small and awkward variety was shown with some 30 flowers at their best. From time to time I have tried plants of this hardy slipper-flower, native to the south of America where the Patagonian gales whip inland off the nearby Magellan Straits across that country of all oddities. But few gardeners have ever persuaded them to last for more than two years out of doors.

Ingwersens had pulled the trick off superbly. The yellow and burnt brown flowers are held three inches high in the typical shape, like a small pouch, of the tender *calceolarias*. Below their lip they are crossed by a thin white band as in no other alpine plant known to me.

We would all hurry to grow this great beauty in damp peat if only it were willing to settle down in Europe. Plants are sometimes offered by Broadwell Nurseries, Moreton-in-Marsh, Glos. who raise their stock with supreme skill from seed. If you want to try this challenging wildflower, you should start it in a pot of acid compost in a shaded cold house and keep it well watered throughout the year. It is willing to flower but if it ever flowers too freely it exhausts itself.

I doubt if you will ever equal Ingwersens Chelsea exhibit. I give it space here because it is such an unusual sight. There is a rising fashion nowadays for beds built up from blocks of peat. If you have such a peat wall, you should wait until Darwin's *calceolaria* next appears in their catalogue and try to pit yourself against it. Half shaded in such a bed it would be most likely to persist outdoors.

So much for the rarities. Ingwersens were also showing a charming new variety of the vigorous *phlox subulata*, named and sold as Amazing Grace. This is a full-proof plant whose wide mats of flat stems end in the wide-eyed single flower of the alpine phlox. There are other varieties in plenty, but none with this clear combination of white petals and a rose-red central eye. Amazing Grace will grow in any sunny site. It can be multiplied quickly from cuttings. Before you surrender to yet more aubrieta in a dry wall or stone path give this fine new variety a try. It is a very pretty new arrival.

A silver-green dead nettle hardly sounds comparable. But there is a quality to the new Lamium Beacon Silver which I cannot match in any other plant. You will know the rampant cousin of this variety, that green-leaved trailing nettle with a white streak and a long name, to be found in most shaded London gardens as a last resort. Beacon Silver has yet to be tried widely in gardens. But its silver-green leaf has the metallic sharpness of some winter greenery sprayed with silver paint. It hates to be too dry. But if you gave it a shaded and damp bed, it ought to match its fine performance at Chelsea with a mat of silver-green stems. They have a cool colouring which combines so happily with bright primulas and yellow globe-flowers. You can order this new plant at 50p a piece from Beth Chatto, White Barn House, Elmsted Market, Colchester, Essex. It is unlikely to turn out to be invasive after three years.

From the same source, you would also fancy an easy lime yellow leaved plant for a sunny place. It is the gold form of *chrysanthemum parthenium*, a new form to me from an old weed whose sprays of white daisy flowers are not worth any space. But the cut leaves of this green-yellow variation are quite another matter. Green and yellow flowers and leaves are one of the neatest combinations for a border in early summer. They are an old pair for garden designers who value the freshness which goes with this season of young leaves.

Clematises are more obvious territory. Never a show passes without some recent variety impressing my eye. I have been slow, however, to pick up the excellent Niobe over the last four years. This time, her prominence grew many eyes. Velvet-red, six-sepalled and usefully late-flowering, she allows you a colour as deep as the unpredictable Royal Velours among the usual purple-blues of the Jackmanii group.

The prize, for me, went yet again to Fisk's newish clematis Dr. Ruppel. Perhaps they show this striped variety especially well. But it has caught me two years running, and I am looking forward to its eight-sepalled flowers quite soon on a vigorous new plant on a west wall. The colour is somehow clearer and deeper than any other robust variety with striped flowers. Its raspberry-red stands on a white background while each of its stripes runs boldly down the sepal's centre. Striped flowers and fresh leaves usually attract me at an early summer flower show, from the big tulips to the new golden-leaved spiraea. But this recent clematis is clearly going to prove itself, not too large in flower or blurred in its colour, yet quite unmistakable in a family so well stocked with old and fine varieties already.

Hugh Routledge

Hardgreen good for Derby

RACING

BY DOMINIC WIGAN

IN THE belief that today's 200th Derby, which will draw the biggest ever crowd for an individual sporting event, is one of the most open in the race's history, it will pay backers to look for value.

This rules out Milford. From a serious betting point of view, the Queen's colt became a "non-starter" as he passed the post in the Ladbroke Lingfield Derby trial. Bookmakers, aware of the mass appeal certain to be associated with a colt carrying the royal colours in the 200th Derby, decided to take no chances.

The subsequent news that Piggott would be in the saddle, bidding for a ninth Blue Riband, brought a further contraction in Milford's odds and for the past fortnight the West Ilsley colt has been on offer at around 4-1.

There is no doubt that without the association of his owner and rider Milford would now be easy to back at over twice those odds.

Milford's stable companion, Troy, a point longer with most firms, is a totally different proposition.

Far more experienced and not prone to becoming excited like Milford, this Petingo bay has that invaluable asset lacking in his stable mate—instant acceleration.

Ela-Mana-Mou (meaning "come on darling" in Greek) showed his well-being early this season with a fluent victory over More Light in Newmarket's Heath Stakes. But I suspect two factors may combine to prevent him giving Mr. Max Muinos, a former waiter, a fairytale success in his ownership venture.

First, the Pulborough colt was denied a preliminary in the Lingfield Trial through heavy ground. Second, his final piece of homework did not inspire confidence for today.

One colt who has without doubt gone from strength to strength, particularly on his closing preparation, is the Michael Stoute-trained Hardgreen. He is available at 25-1 for one intrepid Greek backed him to win a six-figure sum on Wednesday. The American-bred chestnut is a colt by Irish Castle who failed to win as a three- and four-year-old out of Colinear. His one success from 10 attempts came in a claiming race worked brilliantly in blinkers over seven furlongs on Saturday.

Equipped with that aid through laziness at home, Hardgreen will, I feel, gain his revenge on Lyphard's Wish for a narrow Mecca Dante defeat put down by Stoute to lack of peak fitness. At odds of around 20-1, Hardgreen looks the value bet to give the now underrated Paul Cook a Derby victory.

EPSOM

2.00—Ravadus
2.35—Tesoro Mio
3.35—Hardgreen***
4.25—Why Not*
4.55—Formidable**
5.25—Red Johnnie

TV/Radio

BBC 1

6.40-7.55 am Open University (Ultra-high frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 1.15 pm News. 1.30 Bod and the Cake. 2.01 For Schools, Colleges. 3.00 Grandstand: The 200th Derby Stakes. 3.53 Regional News for England (except London). 3.55 Bulgaria v. England).
5.50 News.
6.05 Nationwide (London and South-East only).
6.30 Nationwide.
7.00 Lena Zavaroni and Music.
7.30 Living Legends.
8.00 Sir Robert Mayer 100th Birthday Concert.
9.00 News.
9.25 Sportsnight.
10.55 Tonight.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—6.05-6.30 pm Reporting Scotland. 11.35 News and Weather for Scotland.

Wales—6.05-6.30 pm Wales Today. 7.00 Heddiw. 7.30 Treasure: The Colorado River. 7.50-8.00 Tom and Jerry. 11.35 News and Weather for Wales.

Northern Ireland — 3.53-3.55 pm Northern Ireland News. 6.05 Scene Around Six. 6.40-9.00 Sportsnight: Soccer: Denmark v. Northern Ireland. 10.55 Robert Mayer 100th Birthday Concert. 11.55 News and Weather for Northern Ireland.

England—6.05-6.30 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); *Midlands Today (Birmingham)*; Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
11.25-1.15 pm and 1.50-3.55 Cricket: Benson and Hedges Cup quarter-final —Middlesex v. Yorkshire.
3.55 Play School.
4.20 Scooby Doo.
4.40 Horses Galore.
5.10 Rentaghost.
5.35 Paddington.
5.40 Open University.
6.55 A Child's Place.
7.20 Derby Day 200: Visit to the Royal Academy of Arts.
7.45 Mid-evening News.
7.55 The Genuine Article: Furniture.
8.20 The Money Programme. The process of preparing a Budget.
9.00 Dave Allen at Large.
9.45 "Peasants, Politicians and Power."
11.00 Late News.
11.15 Cricket: Benson and Hedges Cup highlights.
11.45 Rugby Union: Australia v. Ireland (highlights).

BBC-2 Wales only—5.10-5.35 pm Billidowcar.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News plus FT index. 1.20 Thames News. 1.30 Mid-week Racing from Epsom and from Ripon. 4.25 Stay Alive with Eddie McGee. 5.15 Makin' It.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Dick Emery's Comedy Hour.
9.00 The Guinea Pig Club.
10.00 News.
10.30 "The Proud and the Damned," starring Chuck Connors.
12.15 am Close: Personal choice with Martin Jarvis.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 5.15 Winner Takes All. 6.00 About Anglia. 10.30 S.W.A.T. 11.30 Power Without Glory. 12.30 am The Big Question.

ATV

12.30 pm The Story of Wine. 1.20 ATV Newsdesk. 5.15 Father, Dear Father. 6.00 ATV Today. 10.30 The Midweek Film: "All the Way Up," starring Warren Mitchell.

BORDER

1.20 pm Border News. 5.15 Gambit. 6.00 Lookaround Wednesday. 10.30 Doctor's Private Lives. 11.00 George Hamilton IV. 12.10 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Look First. 10.28 Channel Late News. 10.32 Doctor's Private Lives. 11.30 George Hamilton IV. 12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 The Wednesday Western: "Molly and Lawless John," starring Vera Miles. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Father, Dear Father. 10.30 SWAT. 11.30 A Question of Sex.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 "No Blade of Grass," starring Nigel Davenport.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Elaine, The Singer of the Song. 10.35 Late Call. 10.40 The New Avengers. [illegible] Ways and Means Special on the European elections. 11.20 S.W.A.T.

SOUTHERN

1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East area only). 10.30 Southern News Extra. 10.35 Mannix. 11.35 Pro-Celebrity Darts.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. 1.20 pm North-East News and Where the Jobs Are. 5.15 Gambit. 6.00 Northern Life. 10.30 "Death at Love House," starring Robert Wagner. 12.00 Inside Business. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.45 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.10 Look and See. 6.25 Coronation Street. 6.55 Sportscast Special—European Championship Football. 10.30 Don't Just Sit There. 11.00 Dick Emery's Comedy Hour. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 10.32 Doctor's Private Lives. 11.30 George Hamilton IV. 11.55 Faith For Life. 12.00 West Country Weather.

YORKSHIRE

12.30 pm The Cedar Tree. 1.20 Calendar News. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Youth and Stress. 11.15 SWAT. 12.15 am Devine Country.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 3.03 pm David Hamilton (S) (continued from Radio 2, 2.30 pm). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 6.18 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Derek Hobson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S) (continued on VHF). 3.03 Sport on 2 Special including racing from Epsom and football. 6.03 Waggoners' Walk. 6.18 John Dunn (S) (continued from VHF). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Sports Desk. 7.33 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impressarios (S). 9.55 Sports Desk. 10.02 The News Headlines. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.10 Brian Matthew with Round Midnight including 12.00 News.

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

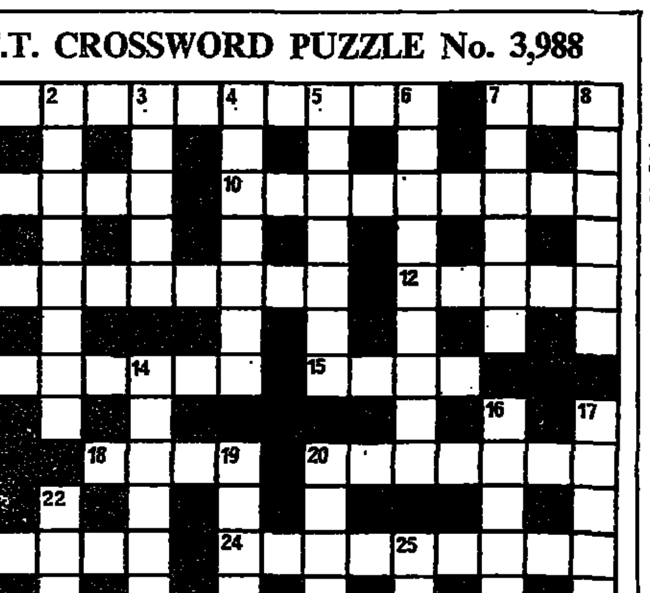
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,988



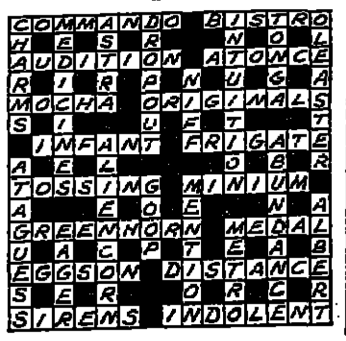
ACROSS

1 Stony masterpiece with disarming appearance (5, 2, 4)
7 Ask for second-class, for example (3)
9 Leave before heavyweight succeeded (3, 2)
10 First-class head on stairs (3, 6)
11 Reserve silver-ware for under-cover label (4, 5)
12 Girl given address of duke (5)
13 Refusal applied to old Penny certainly at 12 (7)
15 Glut on day he lost his head (4)
18 A vote is given to revolutionary centre (4)
20 To make the U.S.A. dour could be difficult (7)
23 Love feast with mouth open (5)
24 Swindles board out of copper (9)
26 Feature of family (so be it) going to East-end (9)
27 Part of orchestra making money (5)
28 West indeed has the method (3)
29 Overhead cover for famous sleuth (11)

DOWN

1 Rogue seen in Virginia and Georgia with Fleming's agent (8)
2 Pretty mediocre in the cooler (3, 2, 3)
3 Students' union is on the up and up at daybreak (3, 2)
4 Part of River Tay sure to crack up (7)
5 Stamp on self-introduction by reporter (7)
6 Forced the old boy (over 50) to entrance Delilah to start with (9)
7 Catch a chap becoming a traveller (6)
8 Drain removing insides of fish (6)
14 Pot for campers ground in the Deep South (9)
16 How to finish game on TV programme (3, 5)
17 Valuer of fools' southern gold (8)
19 Hide in two directions on island (7)
20 Relations as a gent might say (7)
21 Everybody in tug is fat (6)
22 Row from nearby turbulence (6)
25 Shin up first-class portion (5)

Solution to puzzle No. 3987



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. 'til June 30. NUREYEV FESTIVAL Evgs. 7.30. Sats. Mats. & June 7 & 14 at 2.30: With LONDON FESTIVAL BALLET. Until Sat. Romeo & Juliet. June 12-16 Sleeping Beauty. June 25-30 with MURRAY LOUIS DANCE COMPANY of AMERICA.

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Tonight at 7.30. The Italian Girl in Algiers. End of Season. 104 balcony seats avail. from 10.00 today

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL OPERA Ton't. Sat & Mon 7.30 La Boheme. Tomor & Tue 7.30 Luisa Miller. Fri 7.30 Werther with Teresa Berganza & Alfredo Kraus. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411-813424 Sold Out—possible returns only. Tonight, Sat & Sun at 6.10: Fidelio. Tomor, Fri & Mon next at 5.20: Il ritorno d'Ulisse. With the London Philharmonic Orchestra.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. CC. 01-837 1672. LONDON CONTEMPORARY DANCE THEATRE Evgs. 7.30. Mat. Today 2.00. Today: Waterless Method of Swimming Instruction. Masque of Separation. Tonight: Waterless Method of Swimming Instruction, No Man's Land, Masque of Separation. Tomor, Fri & Sat: Scene Shift, Eos, Class. June 12-16 FINNISH NATIONAL OPERA AND BALLET.

THEATRES

ADELPHI THEATRE. 01-836 7611. Previews June 14, 15, 16 & 18 at 7.30. (Seats from 70p to £4) Opens Tuesday, June 19 at 7.00. JOHN INMAN in The World Famous Farce CHARLEY'S AUNT Box Office Now Open.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC. Bookings 836 1071-3. Evg. 7.45. Thurs. and Sat. 4.30, 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Financial Times. with ROY DOTRICE. GILLIAN BURNS, MARGARET BURTON. Party rate and student standby avail.

ALDWYCH. CC. 836 6404. Info 836 5332 ROYAL SHAKESPEARE COMPANY in repertoire Today 2.00 & 7.30. Tomor. 7.30. LOVE'S LABOUR'S LOST "As perfect as anything can be this side of heaven." Guardian. With: New Production Mikhail Bulgakov's THE WHITE GUARD (Fri., Sat. m. & e.). RSC also at THE WAREHOUSE (see [illegible]

[illegible]

GARRICK. CC. 01-836 4601. Evgs. 8.00. (Sharp) Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLY in IRA LEVIN'S NEW THRILLER DEATH TRAP "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS VERY FUNNY MARVELLOUS ENTERTAINMENT." S.Tel "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Evs. 8.15. Wed. 3.00. Sat. at 6.00, 8.40. ALISON STEADMAN CHRISTOPHER CASENOVE JOKING APART "ALAN AYCKBOURN has done it again. His latest comedy sparkles with wit." NoW. "SPLENDIDLY FUNNY." D. Exp. "IT'S A HIT. NO JOKING." S. Mirror.

HAYMARKET. 01-930 9832. Evgs. 8.00. Wed. 2.30. KEITH MICHEL SUSAN HAMPSHIRE SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 930 6606. Evenings 8.0. Fri. & Sat. 5.15 and 8.45. AIN'T MISBEHAVIN' The New Fats Waller Musical Show "A RIOTOUS HIT." Daily Mail. "JUBILANT. THE BEST PERFORMANCE OF ANY MUSICAL IN LONDON." Obs.

KING'S HEAD. 226 1916. Dnr. 7. Show 8 FEARLESS FRANK. A Musical by Andrew Davies.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Thur. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT FRANK FINLAY PATRICIA HAYES in FILUMENA by Eduardo de Filippo Directed by FRANCO ZEFFIRELLI Society of West End Theatre Award COMEDY OF THE YEAR ACTRESS OF THE YEAR "TOTAL TRIUMPH." Evg. News. "AN EVENT TO TREASURE." D. Mirror. LIMITED SEASON ONLY.

MAYFAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE A MUSICAL REVUE "Superlative non-stop comedy." E. News. "A scorcher of home-grown entertainment." Daily Mail. "A laugh riot . . . sheer fun . . . not to be missed. Treat yourself to a good time and see it." S. Express. "The funniest script the Marx Brothers never wrote." D. Mail.

NATIONAL THEATRE. "S" CC. 928 2252 OLIVIER (open stage). Ton't & Tomor 7.30 THE FRUITS OF ENLIGHTENMENT by Tolstoy trans. by Michael Frayn. LYTTELTON (proscenium stage): Today 3.00, Today & Tomor. 7.45 CLOSE OF PLAY, new play by Simon Gray. COTTESLOE (small auditorium): Ton't. 7.00. Tomor. 8.00 Michael Herr's DISPATCHES adapted for the stage by Bill Bryden and the company (perhaps not suitable for children) Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant [illegible]

[illegible]

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. BILL PATERSON in WHOSE LIFE IS IT ANYWAY? by BRIAN CLARK. "A MOMENTOUS PLAY. I URGE YOU TO SEE IT. IT STIRS THE HEART AND ACTIVATES THE MIND LIKE NOTHING ELSE IN LONDON." Guardian. WHOSE LIFE IS IT ANYWAY? "IS A BLAZING LIGHT IN THIS SEASON." N.Y. Times. WHOSE LIFE IS IT ANYWAY? "I HAVE RARELY FELT SO GRIPPED, MY ATTENTION HAS NEVER WANDERED LESS, AND I HAVE NEVER FELT SO CONSCIOUS THAT EVERYONE IN THE HOUSE WAS REACTING AS I WAS." Obs. Evg 8.00. Sats 5.45 and 8.45. Red. Price Matinees Weds. at 3.00 2ND GREAT YEAR

ST. GEORGE'S SHAKESPEARE THEATRE. Tufnell Park Road. N7. 01-607 1128. Ton't 7.30. Tomor 2.30. JULIUS CAESAR "BERNARD HEPTON—the Caesar we always want to meet and seldom do." J. C. Trewin. Tomor, Fri, Sat, Mon 7.30. RICHARD II "Full of English resonance and energy." D. Telegraph. Tickets also bookable at the Theatre Shop, Phoenix Theatre.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS From 8.00, Dining and Dancing 9.30 SUPER REVUE BUBBLY At 11 MADELINE BELL

VAUDEVILLE. CC 01-836 9988. Evs. 8.0. by AGATHA CHRISTIE JEAN KENT and JOYCE CAREY (as Miss Marple) A MURDER IS ANNOUNCED "VINTAGE PIECE OF CHRISTIE WHODUNITRY." Sunday People "WELL-LOVED PARTY GAME BY THE BEST CONJUROR IN THE BUSINESS." F.T. Last week.

VAUDEVILLE. CC. 01-836 9988. Opens Tue. June 19 at 7. Subs. evgs. 8. Sats. 5 and 8.30. First Wed. mat. 27. 2.45 EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT (BOOK NOW)

VICTORIA PALACE. CC 01-828 4735-6, 01-834 1317 Evgs. 7.30. Mats. Wed. and Sat. 2.45 STRATFORD JOHNS SHEILA HANCOCK in ANNIE "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail Best Musical of the Year 1978. E. Stan.

WAREHOUSE. Donmar Theatre. Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Tonight, Tomorrow 7.30 Howard Brenton's THE CHURCHILL PLAY "Superlatively acted." Guardian. All seats £2. Students £1 bkble in adv. Advance bookings Aldwych.

WESTMINSTER. CC. 834 0283. Evgs. 7.45. Mats. Wed. & Sat. 3.00. GILBERT & SULLIVAN'S THE MIKADO "A good show. Very colourful, lively, and [illegible]

[illegible]

CINEMAS

[illegible]

pera House, Monte Carlo

La Chauve Souris

by CLEMENT CRISP

Charles Garnier's preposter-
sly decorative operatic palace
Monte Carlo is celebrating
centenary this year, and is
welcoming as ever. There is
exhibition of costumes and
cuments in the foyer which
arts some of the illustrious
story of this beguiling house,
hich I saw at the weekend,
ille on stage the past and
esent combined in a pro-
amme by Roland Petit's
llets de Marseille: a revival
Le Spectre de la Rose,
ated here in 1911, and Petit's
w La Chauve Souris, with
i Jeanmaire as its heart.
The setting for Spectre is a
ss approximation of Bakst's
ebrated naturalistic décor—
r girl using this bedroom
uld have nightmares rather
n dreams of the spirit of a
e—and the Rose's costume is
modern confection of rare
liness. It is an opinion
nerally voiced that today's
le dancers look unhappy in
linsky's original petalled out-
But Peter Schaufuss, the
se-spirit of this staging by
ge Lifar, is ideally gifted for
part. He has the right
ysique, all the technical
ource and refinement of
le for its taxing choreo-
phy, the fantasy of tempera-
nt for a character who is not
sculine, and — necessary
ollary—the masculinity to
p the role from seeming
te. He could carry off the
st costume as he does the
ices, to which he brings the
per fluid grace. But he
its a far more persuasive
ding, in which he might
monstrate that the ballet is
—as we suppose nowadays—
ossible to perform. He also
ds a Young Girl more
mantic in manner than the
rming but too light-weight
lyne Desutter, one who
ld make us sense the intoxi-
on of the rose's scent which
pires, suffuses her dream.
bout Petit's version of Die
dermaus one must hail, first
all, the fact that it brings
Jeanmaire back to the
et stage. Zizi—like Isadora,
a divine Sarah, existing as a
le electric name—was born
ippear surrounded by ador-
men in evening dress; born
augh at their attentions, and
e them with a flash of
ious leg and a shrug of a
y shoulder. She justifies La
uve Souris by her vivacity,
exuberance of spirit. With-
Zizi the piece might be a
r thing, although it also
brates the remarkable
nts of Denys Ganio, his
ura dancing and his charm
anner. Because of Zizi, the
et is a delight.
s relationship to Johann
uss' operetta — pleasingly
nged by Douglas Gamley
ther Neuhold—is tenuous.
t has opted for a slight
igue about a woman clipping
bat-wings of her errant
band and teaching him to
e domesticity. To show
Petit presents us with
maire as Bella, a much-
ried bourgeoise with five
dren. If we can believe
we can, like the White
en, believe as many as six
ossible things before break-
Jeanmaire plaintly doesn't
eve it at all, and part of the
ense attraction of her per-
nance is that she is as
sed by her identity as we
are. Looking in her red wig exactly like Lautrec's portrait of Marcelle Lender, she plays at domesticity, feeding her children, her husband (Ganio), and a friend of the family (Luigi Bonino) who is to show her how to escape her hausfrau image and win back her husband in approved operetta fashion.

This, of course, means removal of wig and a long black dress. From the chrysalis comes Zizi, all radiance and eton crop, in abbreviated top and a froth of tulle whence emerge those splendid legs, with the panache and magnetism which belong to one of the few real stars of the theatre today. She proceeds to a restaurant, inevitably full of gorgeously-dressed girls and men in tails, where her husband falls under her spell (as who in the theatre does not).

Thence to a costume ball, thence to prison — the action of the piece more than arbitrary, and Ganio called upon to fly on wires in the most unconvincing fashion — where Bella-Zizi comes to rescue Ganio, and in the process clips the bat's wings that have caused him to wander. She eventually succeeds in putting bed-room slippers on him, but this being an *opérette dansée*, the final scene is an apotheosis of waltzes, and eminently enjoyable.

La Chauve Souris is in no way serious, and its argument is, to say the least, papery. But Petit's sense of theatre, his ability to make even operetta's clichés fresh by reasserting their dramatic efficacy, the momentum of the action and its stylisation, give the piece a verve that impels belief. It is a lollipop, a light-hearted vehicle for a star, but presented with such enthusiasm by the Marseille dancers that we share their delight in it. And in the central roles Jeanmaire, Ganio and Bonino, and another young virtuoso, Jean-Charles Gil, in two numbers, are entirely splendid.

Ganio has, over the past few years, emerged as a jeune premier combining bright technique (Petit sets him some devilish variations which he sails through) with a dramatic sensibility that is an ideal foil for Jeanmaire's effervescence. Bonino, like the rest of the company, excels in speedy, Italianate tours de force, and he brings to the character of the family friend an endearing sense of fun. But the ballet is inevitably dominated by Jeanmaire, and at every moment she is wonderful. The French theatre has ever sought in its stars an essence of Parisian wit, a focus for both illusions and truths about *l'esprit Français*. Zizi incarnates everything that is amused, sparkling, in the theatre. Because her art encompasses ballet and music-hall it has a range rare in the dance theatre: whether flaunting her legs amid a torrent of ostrich plumes or whisking about like some super-urchin, she is the embodiment of good humour, communicating an infectious delight in what she is doing.

She is also an actress of great style and elegance. There is a moment when Ganio leaves her, and Jeanmaire's gesture of farewell — an arm raised and simply held — is heart-rending.

Denys Ganio and Zizi Jeanmaire in "La Chauve Souris"

Her comedy timing is flawless, and supremely economical: one shrug, one devastating smile is enough, and she can infuse an unpretentious diagonal of steps with all the dynamic excitement of 32 *fouettés*. In a role exactly tailored to her skills, Jeanmaire never once suggests its limits; rather does her artistry convey its exceptional richness. And in the one moment of sincerity in the ballet, a duet of reconciliation with Ganio, Jeanmaire reveals herself a ballerina still, soaring in her partner's arms, combining eloquent line with depth of emotional feeling. If *La Chauve Souris* lacks logic and credibility, which it intermittently does, Jeanmaire and Ganio and Petit show that it lacks nothing in heart or humour. And in an art which can tend to preciousness, it reasserts ballet's essential theatrical purpose to amuse, which is no bad thing.

Television

Are You Being Soaped?

by CHRIS DUNKLEY

Friday evening schedules are currently affording the chance of a fascinating comparison. At 8.00 BBC-1 screens a repeat of *Are You Being Served?* and at 10.30 (in London, anyway—various other times elsewhere if you're lucky, but in some regions sadly not at all) ITV shows *Soap*. Both series are comedies, and both cause a certain amount of outrage, but there all similarities end.

The first obvious difference between the two is that *Are You Being Served?* (AYBS) is, of course, English while *Soap* is American. It would be tempting to trace all other differences back to nationality and reach portentous conclusions about differences in national characteristics: tempting but an utter waste of time.

Both programmes did emerge and evolve in response to local conditions and audiences it is true, and it would not be hard to show that AYBS owes much to the traditions of English music-hall and pier theatre, and that *Soap* would never have come into existence without the endless American soap operas of which it is—among other things—a hilarious parody.

But that would merely obscure the fact that the two series could easily have emerged the other way round: an English parody of *Coronation Street*, *Crossroads*, *Emmerdale Farm* and *The Cedar Tree* would be quite conceivable (in fact we could do with one, although it might even be argued that in *End of Part One* we already have one) and an American series with roots in vaudeville and the early Hollywood comedies would also be perfectly feasible.

It is more interesting to consider the two works simply as prime examples of different styles of comedy than as deeply significant coded guides to the societies from which they spring.

AYBS is set in Grace Brothers' department store, the surviving "Young Mr. Grace" being an ancient roue (played with wonderful gusto by Harold Bennett) who gets great satisfaction from being helped in and out of lifts and even his chair by a succession of leggy nurses and busty secretaries. The main characters, however, are the shop assistants: from the "Floor Walker" Captain Peacock—does even Harrods have floor walkers these days?—to the assistant on the ladies' lingerie counter, Miss Brahms, and the assistant in Men's Outfitting, Mr. Lucas.

When it first appeared, several years ago, from the pens of actor Jeremy Lloyd and practised comedy writer David Croft, the viewing public took to AYBS like old ducks to a well-loved stretch of water though the critics, including myself, mostly found it distasteful.

I would still not rank it as one of television's top comedies, but longer acquaintance and slight changes in the structure led eventually to at least a limited fondness for the very vulgarity which had at first resulted in dislike. The main change was from the early rather verbal scripts, reminiscent of the famous radio comedy series of the fifties complete with regularly recurring gags—Mrs. Slocombe's famous pussy, for instance in AYBS—to more visual set pieces involving silly costumes or slapstick.

Last week's episode combined the two in a madly costumed wallpaper and paste routine familiar to anyone who has seen English pantomime. Its essential knockabout humour goes much further back, of course, beyond the travelling mystery plays of the Middle Ages into the mists of antiquity.

Naturally, as with all comedy, there are serious matters underneath the humour: the rigid pecking order inside Grace's store can be seen to represent the broader British class structure. And the half-hearted and always fruitless attempts to modernise a once great but now seedy business could symbolise Britain's post-war history.

Yet it is not matters such as that which create outrage: among the carriage trade it is the "rudeness" of innuendo and of knickers and underpants, boobs and bums which brings the objections. Last week Young Mr. Grace's secretary was seen on the word of command, languidly raising her skirt to waist level to display knickers, suspenders and stockings (not, notice, the tights she would in reality be wearing) thus giving the old boy a grinning attack of the shakes. Later, we were supposed to believe that the shop's basement store-room was fitted with blowers of the sort which seaside fairgrounds used to have (still have?) to do the same for Wendy Richards as Miss Brahms. More stockings. Awfully rude, what?

Among the mass media students in the polytechnics it is the "stereotyping" of Arthur English's brown overalled tea-supping trade unionist (oddly enough they don't seem to object to the "stereotyping" of pompous middle-management social climber Mr. Rumbold) and the perpetual limp wristedness of John Inman's homosexual Mr. Humphries which cause spluttterings.

In *Soap* the much younger and very good looking homosexual Jodie has just agreed to give up his football star lover and marry the girl who became pregnant after one supposedly "platonic" night with him in a motel. "If we get married I promise you I'll never look at another man," he declared straight-faced last week.

In *Soap* there are no stockings or knickers. The central joke is that an unending string of appalling disasters afflicts the featured families, the Campbells and the Tates: everything from impotence to murder, from a son blackmailed into marrying the nymphomaniac daughter of a Mafia godfather to a shell-shocked grandfather who is still fighting the Second World War.

The series had its genesis not solely in a desire to parody the other soaps, I believe, but in an American determination not to allow the English to dominate the market opened up by Steptoe and Alf Garnett in the sixties. Those two situation comedies, both backed by strong social commentary, were turned via "format deals" into *Sandford And Son* and *All In The Family* for the American market and were highly successful.

Soap (from the same stable, headed by Norman Lear) emulated their readiness to deal more openly than hitherto with such matters as homosexuality; where Mr. Humphries' predilections are only ever referred to by innuendo, Jodie's are right out in the open. When Jodie's mother (gloriously portrayed by Cathryn Damon) is told he is to be a father she asks incredulously: "You mean Dennis is pregnant?"

It is such lines which regularly make me laugh aloud in front of the set (a rare occurrence) and it is certainly refreshing to come across such openness. Yet fundamentally the joke is surely exactly the same—in this instance that homosexuality is "abnormal"—in post-Vietnam America as much as in post-imperial Britain.

Similarly it would be fair to say that although the readiness to deal with Burt's inability to make love to his wife (subsequently overcome) reflected—and parodied—America's obsession with sex and psychology, the joke was ultimately the very same joke about the impotent husband which has come to us from the theatre down the centuries. Some ages have insisted on entertainers veiling the details of such matters but, implicit or explicit, the joke doesn't change.

No more does the one about the cuckolding of the womanising husband, a neat turning of the tables which Feydeau played for laughs just as *Soap* did when Jessica had an affair with her tennis coach. Even the simultaneous affair between the same man and Jessica's own daughter would not have seemed novel to the Restoration comedians, either.

In other words, one should beware over estimating the "revolutionary" nature of the changes in such modern series as *Soap* and (currently enjoyed only in the ATV region, tragically) *Mary Hartman Mary Hartman*. They are almost without exception changes in surface matter, in style and occasionally in degree rather than changes of any profound nature.

If forced to choose between AYBS and *Soap*, however, there would be no difficulty at all: where AYBS is entirely predictable, *Soap* is still entirely unpredictable. The most surprising aspect of a series which relies for its success upon surprises is that the extreme situations and the characters' responses to them have not yet stopped being funny.

There is still hilarious novelty in a comedy which can have a fond middle-class mother saying anxiously to her daughter about her boy friend: "Well Eunice, it's very hard for me to approve. After all, the man's a convicted killer. But then so's Daddy of course. . . ."

Richard Mulligan and Cathryn Damon in "Soap"

Regent's Park

A Midsummer Night's Dream

In the arcadian setting of Regent's Park on a perfect summer evening with the birds making much more noise than the overflying aircraft it would be difficult to resist *A Midsummer Night's Dream*, the happiest of Shakespeare's plays. The actors are in thrall to the scenery and as long as they can stay on their feet and remain reasonably intelligible, success is assured. So it proved on Monday at the opening of another season of Open Air Theatre.

Director David Weston has the services of a good set by Tim Goodchild, crumbling Greek columns and an impressive-looking temple glimpsed through the trees suggesting Athens, and its surrounds, most effectively, and there seems little incongruity in dressing the piece in handsome Regency costume. No other innovations are attempted: this is basic Shakespeare, cleanly and concisely done, with the drama, such as it is, sacrificed for the humour.

And the strength of the company is on the comic side. Ian Talbot is a boisterous dominating Bottom and Anthony Sharp, as Quince, a sensitive leader of the rude mechanicals who manage some fine ensemble playing. Particularly encouraging is the attention to detail. When Quince looks up the almanac to see if the moon will be bright on the night of the play it looks a genuine enough calendar, and Bottom speaks out clearly through his asses head, thanks to a string which he pulls to work the mouth.

The fairies are rather a Bohemian crew, more witchlike than ethereal but Lynn Clayton looks good as Titania, which is half the battle, and Richard Rees, as a hairy satyr-like Puck, keeps the plot running smoothly. The gentry make less impression but then they don't have the chance to clown around or screech funny noises. At least Victoria Plucknett is a credibly small Hermia and Jo Ross cool and tall as Helena. And it seems in the spirit of the Athens of this Duke Theseus that all classes should link together in a friendly Greek dance at the end, before the fairies, clutching night lights, cast the final magic on the scene. Then there is darkness in the wood and for a moment the feeling that it all might have been real.

ANTONY THORNCROFT

Leonard Burt

Lynn Clayton and Graham Sinclair

Albert Hall

Perlman, Ashkenazy, Harrell

by DOMINIC GILL

Itzhak Perlman and Vladimir Ashkenazy are well known to us both individually as soloists, and together as a distinguished violin-piano duo. They have recently finished their recording of the complete Beethoven violin sonatas, which is today certainly one of the finest versions of the cycle available, and likely to become a minor classic of its time; and now they are joined by the American cellist Lynn Harrell to play, and record, the Beethoven piano trios—a new combination which at first, tentative hearing on Monday night promises exceptionally well.

Tentative: for there is no concert hall in London, not even the Festival Hall, less suited to the sense and nature of intimate chamber music-making than the Albert Hall. It would be an exaggeration to say that the booming bathroom acoustic there made nonsense of the music; but it blurred badly all but the slowest-moving texture, and made careful listening difficult and unrewarding. Every detail was approximate: every crisp, precise impact of note, rhythm and colour was transformed, in those vasty spaces between instrument and ear, to a genial, impressionist wash of sound.

The experience, frustrating at first, was finally exhausting. Infuriating also: the more so that, through the acoustical mist, the players seemed on the balance of probability to be giving performanes of three Beethoven trios remarkable for their quick, subtle accord and fine-tuning of detail. The slow movements fared best: the largo of op. 70 no. 1 achieved, against all the odds, real intensity and eloquence: and the Archduke's great andante had a kind of cloudy glory, every note with its acoustic halo, unusual but for once rather beautiful effect. Elsewhere, one could only guess at the Trio's intentions, which seemed all of them sound, and some of them inspired. The finale of op. 1 no. 2 came across as no more than sweet gabble; even the opening movement of the Archduke, taken proud and leisurely, had all of its firm edges smoothed away.

Harrell's cello tone was consistently warm and true, the phrasing (even where it tended a little to overlushness) intelligent and strong — nice foil especially to Perlman's sweet and more delicate lyrical restraint, and to Ashkenazy's rhythmic energy. I look forward keenly to the Trio's next appearances — but elsewhere: and not for preference in St. Paul's Cathedral.

Conti best actor on Broadway

Tom Conti has won a Tony Award for the best actor on Broadway for his performance in *Whose Life is it Anyway?* which opened recently at the newly-refurbished and half British owned, Trafalgar Theatre.

Another British import *The Elephant Man*, was voted the season's best play while Stephen Sondheim's *Sweeney Todd* took eight Tonys, including the award for the best musical.

Constance Cummings, appearing in *Wings*, tied with Carole Shelley of *The Elephant Man* for the best actress award.

Bedroom Farce won supporting player awards for Michael Gough and Joan Hickson.

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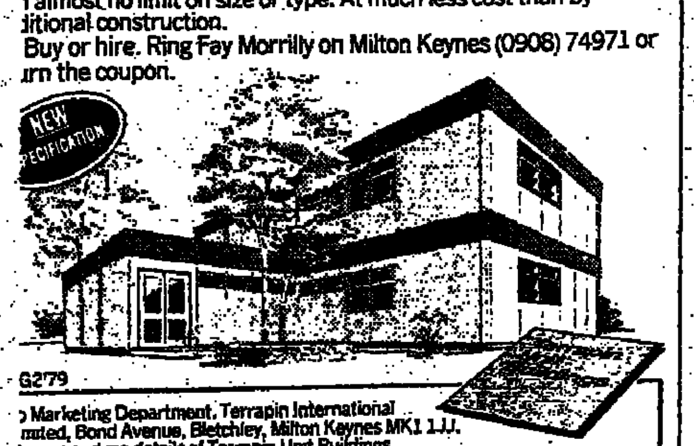

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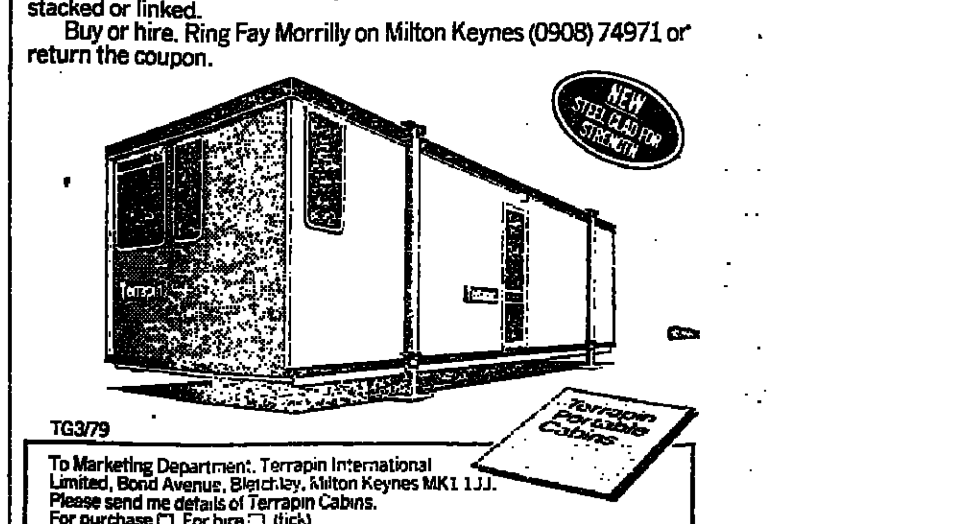

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Wednesday June 6 1979

The need to vote

WINSTON CHURCHILL once remarked that parliamentary democracy is the worst form of government, except for the alternatives. His words may well be applied to the direct elections to the European Parliament, polling for which takes place in Britain tomorrow. The most important fact about these elections is that they are being held at all. Parliaments, especially new Parliaments, at almost any time in history and in almost any country have had a habit of trying to seek more powers. There is no reason to think that the Parliament in Europe will be any different. It will seek more powers, and certainly more influence, regardless of the size of the turnout in the elections and regardless of the apparently indifferent quality of some of the candidates. That is the nature of Parliaments. The European Parliament therefore matters.

Dynamic

That is the first reason why it is necessary to vote tomorrow. The choice may be limited, but it is not non-existent; nor need it be made on conventional party lines. Mrs. Barbara Castle, for example, would be an asset to any Parliament and it is regrettable that the Conservative Party has found itself unable to put up a candidate of her parliamentary talents. It would also be wholly undesirable for the turn-out in Britain to be substantially lower than that in other European countries.

Nothing would do more to promote the idea that Britain is uninterested in the Community—either in contributing to it, gaining from it or reforming it in any way. The Parliament will have its own dynamic. It would be a pity if the British were somehow second-class members because of the limited nature of their support at home.

The second reason why it is necessary to vote is the principle of democratic control. Whether the Community is popular in this country or not, it certainly manages to generate heat. Much of the anger or frustration stems from decisions of the European Commission and, in particular, from the workings of the common agricultural policy. Yet it was precisely to prevent the bureaucracy getting out of hand that the Treaty of Rome made provision for direct elections in the first place.

The present powers of the Parliament may not be large by national standards, but they are far from negligible. The Parliament does have the power to call the Commission in check: if necessary, it could sack the commissioners en bloc. It controls a section of the Community budget and, through that, can exercise some influence on the agricultural policy.

It would be foolish to imagine that these powers will not be more extensively used by a Parliament that is directly elected. It would be equally foolish of the British to complain of the follies of the Commission, while not participating fully in the possibilities of correcting them.

New influences

That is what is meant by the reference to Sir Winston Churchill. Parliamentary democracy may be messy, especially in its formative stages, but the alternatives are worse. The Community exists, but democratic control is lacking. Therefore it is necessary to create it.

For Britain there may be still some special problems. It is apparent, for example, that many voters have not yet learned to distinguish between voting for or against Europe—as happened in the referendum in 1975—and voting in Europe, which is what should be happening tomorrow. The idea of (say) Euro-conservatism or Euro-socialism has not yet caught on. It is also plain that direct elections expose British politicians and the British electorate to new influences. Proportional representation, which is being used in every country but this, is one of them, though even the British are employing it in Northern Ireland. Yet it would be absurdly self-satisfied to say that Britain has nothing to learn from the continental example, and absurdly defeatist to say that it has nothing to teach.

Sovereignty

The important fact remains that the elections are taking place. The creation of a European Parliament by the ballot box is an organic process. It is not a question of the surrender of sovereignty, but a pooling—a bringing together of the best that has been thought and done in all the member countries. The British have been traditionally regarded as being good at democracy. They should show it by voting tomorrow.

Paying for the top jobs

THE GOVERNMENT'S reaction to the reports of the review bodies covering the pay of senior public servants and of doctors and dentists is unequivocal: payment in full. The trade union reaction to this decision, which involves total pay increases of about 25 per cent for both groups this year, is a predictable outburst of envy. Exactly the same thing is likely to happen next year, since the present awards go only half way to restoring what the review bodies consider a proper level of pay for these senior posts; and there will be further protest when taxes on these enhanced salaries are cut.

Restore incentives

The Government's decision to ignore the politics of envy was, of course, more or less inevitable. The Conservatives were elected to restore incentives, and are getting on with the job; any attempt to be "tactful" about remuneration would have undermined the whole philosophy of Mrs. Thatcher's administration, which seeks to turn its back on egalitarian mediocrity. It is a decision which can be welcomed without surprise.

The size of the awards which has been necessary is simply a measure of the extent to which top salaries in the public sector had been eroded during the years of incomes policy. The most telling figures in the Boyle report on top salaries are those thrown up by the survey of the private sector; there, it seems, top salaries last year rose rather less than average wages.

Looking beyond the last year, it can be seen that the history of injustice in the public sector is a long one, spanning both Conservative and Labour incomes policies, and the completely inoperative "social contract" which filled the interval between the two, when top public sector salaries, and these alone, were restrained.

The history of 1974-75 indeed, shows how hollow is the notion that restraint at the top will set an example for the country which will be followed lower down. The so-called provocation resulting from these awards is likely to prove equally mythical. The trade unions are naturally out for what they can get, as they were on Monday, before the awards were announced. All that will change is the rhetoric.

The need for a substantial award hardly needs arguing, so far as the health service is concerned. The demoralisation of the service and the growing shortage of doctors has been a subject of general concern for some years now. Where staff shortages give the same message as comparability studies, the message is clear.

The case may not seem quite so obvious when it comes to senior civil servants and those who direct the nationalised industries; these posts are filled, mainly with very able men. However, these are some of the key leadership posts in the country. The needs of future recruitment, both at this level and—still more important—at more junior levels in public management cannot be left purely to appeals to public spirit.

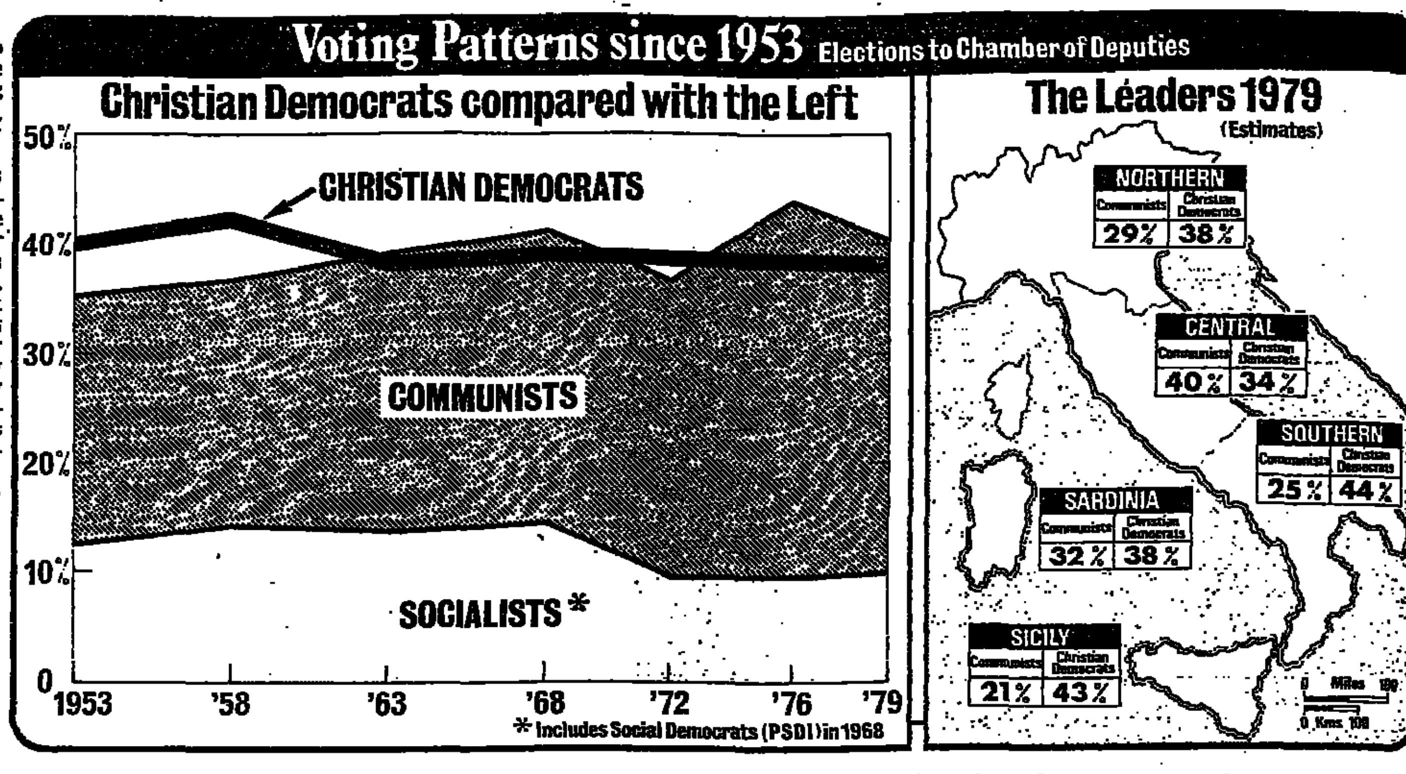
The need to compete more effectively for men of top quality applies just as strongly, and perhaps more strongly, to the case which the Government has yet to consider: the salaries of Ministers and MPs. Through years of Quixotic self-denial, political salaries have been depressed in real terms to the point where winning an election means a large financial sacrifice for an able man, or for that matter for an energetic bricklayer.

Justice by stages

There is a widespread feeling that the average quality of MPs has suffered as a result. Here, it might cynically be argued that there is a case for restoring justice by stages, since Parliament will not be recruiting in any significant numbers for some time. However, the message should be equally clear: a country which wants quality administration and services must pay the rate for the job, regardless of envious protest. If envy set wages, we would all be rich in money terms—and poor in reality.

A pyrrhic victory over Italy's Communists

By PAUL BETTS, Rome Correspondent



THE REAL loser in yesterday's Italian general election undoubtedly was the Communist Party (PCI). It suffered its first electoral setback in more than 30 years with a loss of 4 per cent or 1.5m votes for the Chamber of Deputies. But the task of forming a new Government in Italy, its effectiveness and survival, will nevertheless depend in large measure on the attitude the Communists will now adopt.

Since the last inconclusive general election three years ago, Italy has been uncertainly ruled by a Christian Democrat Government enjoying the tacit support of the Communists. In turn, years before the normal end of this election called two the country's seventh parliament since the war, was in fact provoked by the PCI.

Last February, the Communists withdrew their support from the minority Christian Democrat Government of Sig. Giulio Andreotti after failing with their demand for a direct participation in the cabinet. That turned the election into something like a referendum on the so-called "Communist question" of whether there is *national backing for the communists' long-cherished compromesso storico*. It amounts to a grand alliance of the country's non-fascist forces bringing the Communists directly into the Government.

The result was a clear "no". Sig. Flaminio Piccoli, the Christian Democratic party chairman, declared: "The PCI treated this as a referendum on its entry into the Government. It has had its answer from the electorate."

It is interesting that the Christian Democratic Party—the sheet anchor of every post-war Italian Government and the political force usually blamed for all the country's corruption and history of misgovernment—succeeded in holding its popular support practically unchanged with only one seat lost in the Chamber. By any criterion, that *is a remarkable record of survival* by a party whose electoral backing has not moved by more than a range of one percentage point in five general elections since 1963. Although pre-election forecasts had generally suggested the party might increase its popular support this time round, there was none the less a sigh of relief in the ruling party's headquarters at Piazza del Gesu in Rome yesterday.

All the evidence suggests that the Christian Democrats will be the sheet anchor of the next Government—Italy's 42nd since the fall of Fascism. But how soon the Government will be formed, a task never easy at any time in Italy, and more significantly how effectively it can rule, must still depend on the Communists.

The most immediate question is whether Sig. Enrico Berlinguer, Secretary-General of the Communist Party, intends to follow through his commitment, firmly made during the election campaign, to take the party into formal opposition if the Communists are denied seats in the cabinet. Nothing in the outcome of this election suggests that either Sig. Giulio Andreotti, the caretaker Prime Minister, or any other leading Christian Democratic politician, is going to share power directly with the Communists.

Yet the Christian Democrats know better than most that determined opposition from the PCI—*whether in parliament, or* through the party's links with the trade union movement, or, just conceivably, through street politics by some of the party's frustrated cadres on the far Left—can make Italy virtually ungovernable. At the very least it could make it impossible to deal with the country's major social and economic problems.

The result has significantly—*by Italian standards—reinforced* the centre. Smaller lay parties like the Social Democrats, the Liberals, and the Republicans were all expected to do badly. Instead they held their ground. In many cases they advanced a little, reversing the trend which emerged in the last general election of a gradual polarisation towards the two largest parties, the Christian Democrats and the Communists.

Even the Socialists, after a particularly shaky campaign, held their own, if only just. That is likely to force the party's leader, Sig. Bettino Craxi, to take seriously his hints made during the campaign that he might return to a centre-left governing formula. For some 11 years from 1963, Italy was ruled by such a coalition, the chief members of which were the Christian Democrats and the Socialists.

Coalition with Socialists

After all, final returns show that the Communists, Socialists, and Social Democrats together have dropped back below the 50 per cent mark reached in 1976. At least in terms of numbers, Sig. Andreotti or another Christian Democratic leader could comfortably put together a coalition government, should the Socialists decide to join.

In any event, the next Government, of whatever kind, will have to tackle an extremely delicate economic and social situation. Only three days before the election, Dr. Paolo Baffi, Governor of the Bank of Italy, warned at the bank's annual meeting of "dark clouds hanging over the future."

In many respects, since the last general election three years ago, the situation has greatly improved, on the surface at least. Annual growth is expected to increase to between 4 per cent and 5 per cent this year compared with barely 2 per cent during the last two years. The recovery of the balance of payments, with an overall surplus of L7,000bn (£3.9bn) and a current account surplus of L5,400bn (£3bn) last year, has been spectacular. Official reserves are over $30bn and the lira has made a good start in the new European Monetary System.

But the inflation rate is more than 14 per cent, and is accelerating. The threat of an energy crisis has become very real to a country which relies on oil imports for as much as 75 per cent of its energy requirements. The rift between the industrial North and the depressed South continues to widen.

The official rate of unemployment is over 7 per cent, and more than 70 per cent of the unemployed are young people. The dire financial and structural problems of state-owned industry may make unemployment worse. Attempts to introduce a medium-term economic and social recovery programme have effectively been shelved in view of the apparent state of permanent political turmoil.

The next Government will have to consider a whole series of new measures to correct the structural imbalances of the economy, modify the inflationary aspects of the threshold payments, reduce the ever expanding public sector deficit, and increase the efficiency of public administration.

Added to all that, the recent affair of the Bank of Italy and the highly respected central bank Governor's intention to resign has thrown up yet another problem. The recent attack against the bank risks undermining perhaps the only Italian institution that has kept itself aloof from politics and more than any other steered the country on the path of economic recovery.

Dr. Baffi has been at the centre of the highly controversial judicial investigations into allegedly irregular loans to one of Italy's major chemical groups, SIR.

At the Bank's annual meeting last week, the Governor rejected the accusations against the bank, spoke of the "paralysing uncertainties" caused by the scandal and referred to a campaign in parts of the press "embroidered with false and tendentious arguments, for some obscure motive." The attack on the bank is generally thought to have a possible background of political intrigue.

The country appears to be becoming used to political violence: terrorism is an element of daily life. In this respect, the setback to the Communists could well lead to *a progressive increase of violent* extremism. The failure so far of the PCI to gain direct power in Government could well induce left-wing extremist movements, which flourish in the country, to regard violence as the only viable policy.

More immediately, the setback could lead to a serious deterioration of already shaky industrial relations. The trade unions, including the key engineering and metal workers union, are currently negotiating an important series of new three-year labour contracts. Employers and the caretaker Government are stressing the need to contain the steady increase of labour costs by preventing any rise in real wages during the next three years. But the unions have so far been intransigent and threaten to stage a general strike later this month.

Their militancy could well increase now. As one leader remarked yesterday: "on the question of whether Italy is governable, the metalworkers will probably be a more determining factor than the new members of parliament."

The key question is what the future policy of the Communists will be. The issue is whether, after seemingly losing its protracted campaign to secure the *compromesso storico*—little more than a new name for the alliance policy outlined by the PCI father figure, Sig Palmiro Togliatti when he returned from Russia as long ago as 1943—the largest Communist Party in the West intends gradually to change course.

For the past 30 years, the PCI has adopted an evolutionary approach to securing power—the so-called Italian road to Socialism. In the aftermath of this election, though not immediately, the PCI could well revert to its revolutionary origins, and to basic Marxist-Leninist principles. There are still advocates of this line on the party's Central Committee. Critics of the evolutionary approach may decide to use the defeat of Sig. Berlinguer's *compromesso* gradually to mount an assault on his leadership. Few independent observers in Rome doubt that his leadership will come under attack, although not necessarily at once.

Even during the campaign, the challenge was beginning to be felt. Although their criticism was inevitably bland, certain leading party members, for example Sig. Pietro Ingrao, the former Communist President of the Chamber, pointed to errors supposedly made by the party in recent years. In particular, criticism was devoted to what Communists call democratic centralism, which had opened up a growing distance between the leadership and a confused rank and file.

Appeal to youth

More seriously, the party, as the outcome of the election seemingly confirms, has apparently failed to appeal to youth, which is perhaps an even greater setback than the failure of the *compromesso policy* so far. In the voting for the Chamber, the party's 4 per cent losses were significantly greater than in the election to the Senate, where it only lost 2.3 per cent. For the Chamber the minimum voting age is 18, while *for the Senate it is 25*, thus suggesting a marked disaffection among those young voters who helped the PCI make its remarkable advance in the 1976 general election.

In Perugia, traditionally a Communist stronghold, a young student addressed Sig. Ingrao at a party rally in the main piazza a few days before the election campaign closed. "We looked towards the PCI to solve our problems," he said. "But what have you done in these three years of collaboration with the Christian Democrats? A lot of talking and little else." In other cities, where the Communists came to power after making spectacular advances in the 1975 regional elections, their failure to live up generally to popular expectations also seems to have cost them dear.

Many votes this time went to the unconventional left-wing human rights Radical Party which campaigned more fiercely and vigorously against the PCI than against the Christian Democrats. The Radicals made the biggest single gain of any party in the Chamber, increasing their vote by 2.5 percentage points to 3.4 per cent, and winning 18 seats compared with four in the last parliament.

For the moment, the line the Communist Party has taken is that it could not reasonably expect to make a further advance given the dramatic 7.1 per cent jump in 1976. But its performance yesterday none the less represents at the very least a major psychological shock to a leadership suffering its first post-war electoral set back.

Perhaps even more significant is the effect it will have on the militants and cadres who had believed that the party's progressive advance was unstoppable. It has been stopped for the moment anyway.

MEN AND MATTERS

After Coggan—an outsider?

A dignitary close to the committee which will select a successor to Doctor Donald Coggan hints that "there is a very strong possibility he will be from outside Britain, from somewhere in the Commonwealth . . . Doctor Blanch (the 61-year-old Bishop of York) is a candidate, but there are plenty of others."

The choice of a new Archbishop of Canterbury, to be made within the next three months, may therefore cause a few surprises—in much the same manner as the selection of a Polish Pope in the Catholic church.

Even if the primate does turn out to be British, another factor which could weigh against Dr. Blanch is his very similarity with the Archbishop—they are both homely, middle-of-the-road evangelical liberals.

Traditionally, it is now the turn of a high church Archbishop to occupy Lambeth Palace. The leading British contender on the Anglo-Catholic wing is the Right Reverend Graham Leonard, Bishop of Truro; what stands in his way, however, is the move towards unity with the non-conformist churches.

Dr. Coggan's retirement caused no great surprise to his colleagues—he will be 70 in October—although the timing of the announcement did. He is to leave in January, and is expected to spend his retirement at his small country home in Sissinghurst writing: he is a considerable Hebrew and Greek scholar.

Coggan will have to make do with a modest pension, at £3,340 even more miserly than the average salary of Church of England vicars. The incumbent, should he be of an envious disposition, might compare his (newly-increased) stipend of £12,555 with the £19,182 which Canterbury received in 1831. Even as recently as 1939 it was £15,000.

"Now that the Government has given me some incentive, I think I'll take them all out!"

Unharmonious tune

Like most accountants, David Richards is keen to stress the dignity and high professionalism of his chosen activity. The new president of the English Institute of Chartered Accountants (he is being formally elected today) is particularly proud of discovering a ditty of 1720 called The British Accountant, though he confesses it will hardly do as the accountants' 1980 centenary song: "It's indecent."

Currently a partner in Deloitte Haskins and Sells, one of the largest UK accounting firms, he was previously with Harmood Banner, a firm which was swallowed by Deloitte's five years ago.

One subject on which he is understandably reticent is Harmood's involvement with London and County, the fringe bank whose collapse in 1973 heralded the secondary banking crisis. A Department of Trade report was highly critical of Harmood's auditing: subsequently the London and County liquidator, Richard Langdon, himself a distinguished accountant, issued a record-breaking £8m writ against Harmood.

The case has dragged on for years, but could well come to court in 1980—which would be highly embarrassing to Richards during the ICA's centenary year.

Raving at Regine's

By the end of this year, the Greater London Council may have given up its function of granting entertainments licences. This is a ticklish task, especially where it relates to the strating up of night-clubs and discotheques which subsequently enrage residents around the capital. So the GLC may be quite glad when, as it expected, the London Boroughs Association shortly puts up plans for handing the function over to the 33 boroughs in its area.

Pressure for the change has been keenest from Kensington. "There have been many approaches from there lately," an official of the London Boroughs Association told me. The agitation is closely linked to the continuing dispute over Regine's night-club, which occupies the top of the former Derry and Toms building in Kensington High Street.

The licence for Regine's expires at the end of this month and I learn from the GLC that there have been 22 written objections to its renewal. These *come almost exclusively from* residents in Kensington Square and thereabouts, who do not value this new amenity and say they suffer from the noise of revelry in the small hours.

The next move on the part of the GLC will be to try to mediate between Regine's and the objectors (a fairly dim prospect). After which there could be a public hearing and legal appeals up to the Crown Court. All of that means that Regine's may be queening it over Kensington for a long time yet.

Although the original licence was granted by the GLC, the Kensington council has tried, rather ineffectually, to flex its muscles. The town clerk, R. L. Stillwell, has rejected an "after-the-even" change of use application by Regine's. Stillwell says that Kensington High Street is a "daytime retail area" and that a latenight club was never envisaged.

Through its lawyers, Regine's has disputed this view. The club is being represented by Albury Lissenden, consultant surveyors. Derek Albury tells me confidently that "Kensington council have no jurisdiction over the justices who grant liquor and dancing licences."

That may soon change, of course. But Kensington is likely to find that Regine's having been granted the right to exist, will be a tough test case for its new-found powers.

Less than canny

The acquisition of Debenture Corporation by the British Airways pension fund will have been watched with intense concern from St. Andrew's Square, Edinburgh. The investment trust movement started north of the Border and still has its deepest roots there. The Scottish institutions have lately issued passionate please for investment trust shareholders to stand up and demand realistic prices for their assets.

Now the premium payment in the £41m Debenture Corporation deal has created a precedent for investment trust takeovers. This *was achieved by the dogged* resistance of the private shareholders and four insurance companies, who stood by the Debenture Corporation Board as it held out for a better price.

The other institutions can claim no credit. Seventy per cent of all the institutional holders meekly accepted the first price. Who gave in to a man? The Scottish institutions.

Rather a case of do as we say than do as we do. . .

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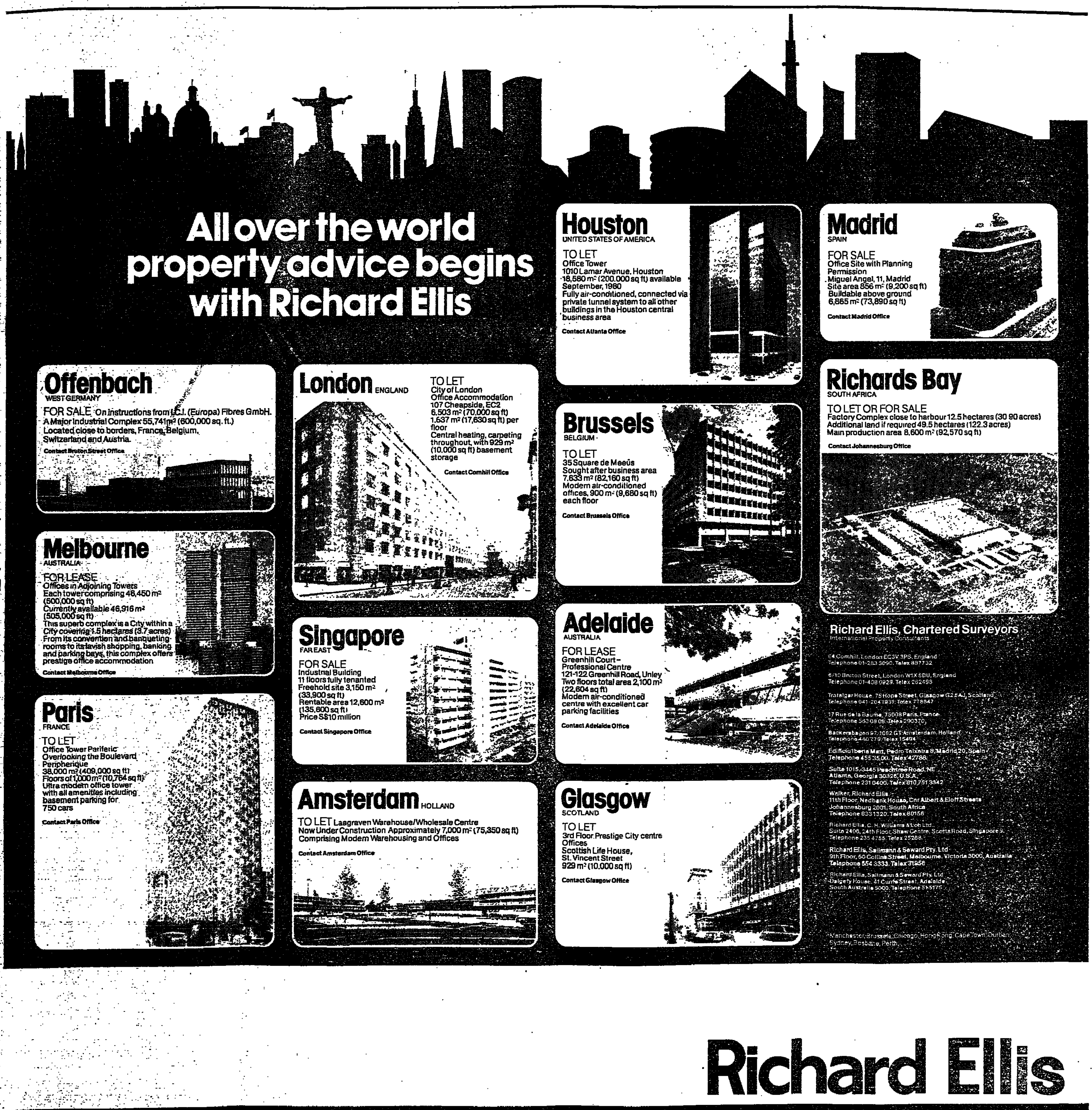
FINANCIAL TIMES SURVEY

International Property

Despite the difficulties of the international property market in the early 1970s, this sector is now among the leading performers in many countries and enjoying a fresh period of confidence and high performance. Property is popular again and there is once more an enormous weight of institutional money available for investment in this direction.



Market shows more confidence

By Michael Cassell

WITH MEMORIES of the early 1970s still fresh in the mind and, even now, jolted occasionally with the publication of official inquests on some of the more dramatic company collapses, the international property revival has been a cautious affair.

The period of recriminations and retrenchment, not to mention liquidations, which followed the crash in the UK is only now effectively over and, in some respects, the recovery is still not totally complete.

Such were the wounds inflicted at home and overseas last time round that response to the property sector's encouraging new situation has been somewhat muted and uncertain. In the aftermath of the recession, the degearing process and the shedding of overseas assets was pursued with understandable haste, though foreign markets remained depressed for longer than in the UK, so the process has inevitably been a slow one.

But the task of finding customers has recently been made easier by the comparative strength of most overseas markets and by indications of stable or improving rental levels.

Now, however, the cycle is again generally well-underway, although the same outcome as in 1973-74 is far less likely. Increased demand for space has grown to a point where the excesses borne out of previous enthusiasm and economic crises are rapidly being taken up and actual or impending shortages are likely in some regions and in some countries.

As a result, property yields in many investment markets are already discounting rental growth prospects which, in some cases, look very good indeed. In the UK and some other markets yields appear to have fallen as far as is justified, with any further decline depending on an increased premium being placed on scarcity value. Elsewhere, some room for further downward movement exists.

With the property sector now among the leading performers in many countries and enjoying a fresh period of confidence and high performance, some of the old familiar trends are back again.

Property is again popular and there is once more an enormous weight of institutional money trying to find a home in this direction.

Investment by life assurance companies and pension funds in Britain reached over £1bn last year and forecasts suggest that this figure could easily treble in the next five years, representing an increase in property investment as a proportion of contractual savings from 13 per cent to over 20 per cent.

In addition, the supply of institutional-quality property investments has been drying up—the degearing programme of many quoted companies having reached and passed their peak. At the same time, there is clear evidence of widespread rental growth in all principal sectors and expectations that the trend, for the most part, has not yet run out of steam.

Competition

So, where does the market go from here? The inflationary growth of investable funds controlled by the pension funds, insurance companies and their equivalents ensures that managers face intense competition for good quality proposals and with the development market still showing a marked, if totally understandable, reluctance to sanction new projects, their range of options has to be reconsidered.

They can cut the proportion of their portfolios involved in property — hardly an easy choice at a time when prospects look so sound — or he can take the first tentative steps into the "secondary" property sector, leading to a consequent rise in values which would help many companies with interests in this part of the market.

It is a potentially risky path and one which people like Mr. Hugh Jenkins of the National Association of Pension Funds—"I would rather pension funds and managed insurance funds turned away money than decide to go in this direction"—are quick to criticise. For the time being, however, interest in "secondary" properties does not come easily to the fund manager who is anxious to avoid possible troubles associated with the fringe of the market. Wide-scale involvement in this sector seems unlikely.

Another option, one already increasingly popular in countries such as Holland, is the wider acceptance of an involvement in development itself, with a proportion of recent building activity reflecting this type of institutional buying pressure.

So, once again, before the repercussions of the last widespread invasion of international markets have been fully absorbed, property investment markets overseas are becoming fashionable.

They are not, as though anyone in the industry needs reminding, an easy option, with a plethora of different ground rules to confront and the added obstacle of currency complexities to contend with. The volume of cross-border investment remains comparatively small but there is every sign that the process is now gaining momentum.

Among the attractions are the sheer size of the market, political stability, the type of free enterprise which the property sector relishes and some fairly attractive investment yields. The rapid rise in interest rates over the last six months has cut the amount of speculative real estate development in the U.S. and the limited availability of new space aided by mounting planning restrictions, has led to firm rental markets with many projects being at least partially leased before completion.

As in other countries, the lack of prime, developed and leased income property available for purchase has encouraged many major investors to become immersed in the development process, either by a forward commitment to purchase upon completion or by investment of risk capital in the early stages of development. Despite the risks involved in this type of approach, such action seems necessary if quality property is to be acquired and a higher level of initial return is wanted.

Interest in the U.S. on the part of UK funds, developers and agents has been rising over the last year or so, though it is to be hoped that the transatlantic dash is a more considered affair than previous foreign jaunts.

The American market has changed significantly, with the recession behind it and a growing involvement of the institutions in a sector in which the majority of investment purchases are still being made by groups or single individuals for tax reasons. The trend should at least maintain a downward pressure on yields.

While the largest pension funds consider further expansion in the U.S., bodies like the smaller though expanding Pension Funds Property Unit Trust are contemplating their first move into the market. The list of UK property companies already in the U.S., such as Slough (whose West Munro building in Chicago is now over half-let) and MEPC (which has just added a £7m Houston office complex to its growing portfolio) are being joined by newcomers like European Ferries and Crouch who believe the investment and development market across the Atlantic is a place to be.

Pioneering

European Ferries is embarking on a £12½m joint venture commercial property development in Denver, Colorado, while Crouch has acquired its first U.S. property which it intends to refinance in order to move on with further expansion in conjunction with a future U.S. corporate partner.

America has also become a promising marketplace for the major UK agents, who have in the past carved a pioneering (if patchy) trail overseas and who believe their breadth of expertise and experience has much to offer the property sector on the other side of the Atlantic.

Names such as Richard Ellis, Jones Lang Wootton, Debenham Tewson and Chinnocks, Healey and Baker and—the most recent recruit of all—Knight Frank and Rutley, all hope to extend their influence by assisting European developers and investors in the U.S. and in helping strengthen links in the opposite direction.

The U.S. does not, however, constitute the only potential growth market for property investment and development, and companies will, more than ever, be anxious to maintain the age-old principle of spreading investment portfolios geographically as well as across various market sectors.

To European companies and institutions, the natural inclination (though not necessarily the eventual result) will be to stick as close to "home" as possible. Although the possibility of non-European funds and operators homing in on Europe cannot be ruled out, signs of such a trend have been limited in the face of incompatible international standards and management styles—plus a lower confidence factor—and indigenous markets capable of deploying the overwhelming percentage of their resources.

Paris investment transaction — the Rothschild Investment Trust has sold its major interest in Ritep X BV, a Dutch company owning an 8,500 sq. metre office building at 72, rue Regnault, Paris. Jones, Lang, Wootton acted for Rothschilds and the joint purchasers were the Dutch Fortress Group BV and the Friesch Groningsche Hypotheek-Bank NV, of Amsterdam

Increasing investment interest in Belgium

THIS TIME last year we noted that the major estate agents in Belgium were not expecting 1978 to match the mini-boom of 1977 as far as lettings were concerned. The figures now prove them right.

Estimates of the actual take-up of office space in Brussels last year vary between 140,000 sq m and 200,000 sq m leaving a current supply of between 375,000 sq m and 400.000 sq m —the latter figure being the most widely accepted.

What the figures also show, of course, is that the underlying trend which had begun to emerge in 1977 has continued. The over-supply which has dogged the city since the heady days of 1971 and 1972, is now approaching something which can more realistically be described as balance.

Less than three years' supply now exists and with new development at a complete standstill—a recent report from Jones Lang Wootton noted that no new speculative scheme was started last year—theoretically there could shortly be an upward pressure on rents.

So far, however, there are no signs of any such trend. Rents in the Quartier Leopold, for instance, seem to have stabilised at around BFr 2,800 per sq m to BFr 3,000 with only the very rarest special unit in the heart of the banking area fetching the BFr 3,750 per sq m which was not uncommon in 1973.

Indeed, Knight Frank and Rutley has recently put forward a good argument that the communications and services available throughout Brussels means that hitherto secondary locations could look very attractive to potential tenants if prime rents began to push upwards.

Pressure

Agents are also cautious about predicting an upward pressure on rents occasioned by increases in the Brussels bureaucracy and the prospects of new missions from Greece, Spain, and Portugal as these come seeking admittance to the EEC. They fear that the amount of new space needed to accommodate this growth could be smaller than hoped for.

Caution is also indicated by the fact that unemployment, apparently holding steady at 6.9 per cent of the workforce in December, has begun creeping up again.

On the other side of the coin, however, general economic indicators are looking set for a resumption of modest growth and, according to Richard Ellis, this had already begun to show through in the first couple of months of 1979 with increased activity in both office and industrial lettings.

The biggest change, of course, in the spring was the swearing in of a new Government after nearly half a year of no government at all.

Unfortunately, this could be a mixed blessing for the property industry. Stability in Government—through a relatively balanced state of the political parties—is obviously desirable. But it does bring closer the introduction of a Bill to control rental agreements.

Back in August, when the Bill was intended to become law for the New Year, Richard Ellis published a pamphlet outlining its major effects. Presumably now there will be requests for copies.

The most significant clause in the Bill is that prohibiting any other method than indexation for rent reviews. In particular, it outlaws rental negotiations at the end of three year periods. This system, fostered by the British property companies was a compromise between the British system where 25-year leases are broken by five-yearly rent reviews, and the Belgian nine year lease where either tenant or landlord has an option to dissolve the agreement every three years.

Other major innovations are changes in the items which can be charged as service charges—landlords will have to bear certain costs themselves—and tight regulations on the responsibilities of both tenants and landlords over the physical conditions of buildings at the start and ends of leases.

The threat of this legislation is posited by stockbrokers Quilter Hilton Goodison as a major discouragement to new development and the reason for their suggestion that rents could react to reduced supply by late 1980.

This dampener on development is having its predictable effect on the investment market. At the year-end, most agents were putting prime office yields in the range 7 to 7½ per cent.

By March, both Richard Ellis and Grimleys (which has just joined forces with local agents Marphi SA) were registering yields of around 6¾ per cent.

Bernard Thorpe had already begun to notice this fall in Antwerp by the end of the year and put office yields in the 6¾ to 7½ per cent bracket against the 7 to 8 per cent registered in 1977.

Demand is said to be high among investors, though the British pension funds, which are dipping their toes again in the Dutch market, for instance, have still to do more than paper calculations. They are not reassured by the news of falling yields.

One development which is generally welcomed is the firm establishment of Antwerp as a significent office centre. According to Bernard Thorpe, office supply in Antwerp at the beginning of the year was about 100,000 sq metres, about three times the takeup in 1976 and 1977.

Last year there was a drop to only 22,000 sq metres but it seems likely that a pickup is occurring. Rents for the very best properties have topped BFr 2,500 per sq metre.

As with Brussels, there is a continuing and increasing shortage of large units which are keenly sought by international companies neding more than 3,000 sq metres of space.

The industrial market gives indications, both in Antwerp and the Brussels conurbation, of being stronger than offices. Prime rents in the Brussels area seem to have crept back to around BFr 1,200 per sq metre and, Richard Ellis has noted a number of pre-lettings since the New Year. In Antwerp, rents have tended to be around the BFr 1000 per sq metre with supply dwindling in the north part of the port area.

This will, however, be overset by the first phase of the 220,000 sq metre Three Ways Industrial Estate by the Shell Pension Fund, now ready for occupation.

Brussels faces an increasing shortage of large office units which are keenly sought by international companies

Encouraging

Yields on industrial properties have tended to hold in the 8 to 9 per cent range which is beginning to attract institutional investors again. A few special sales have taken place at 7½ per cent where the lease is a straightforward nine years without break clauses.

The retail market also appears to be firm and one of the encouraging aspects is that the opening of three major schemes within months of each other — City 2, in Brussels, Century and the Rubens centres in Antwerp — should establish true comparability within the country.

At present, the indications are that prime retail units are fetching around BFr 20,000 per sq metre in Brussels and BFr 12,000 per sq metre in Antwerp.

All the schemes, needless to say, have been undertaken by the big Dutch pension funds looking for the next stage of expansion after the mammoth developments undertaken in their home country.

The final market—for property certificates—also seems healthy. This peculiarly Belgian investment market, whereby individual investors can participate in direct equity investment though receiving dividends rather than rents or capital gains, has been in existence for 10 years or so. The market is fairly small but it has been more active of late.

Richard Ellis recently noted that the BFI milliard issue by Woluwe Shopping Centre was fully subscribed on opening at an initial yield of 8 per cent.

Banque Bruxelles-Lambert monitor the performance of these bonds and their most recent chart shows an average 8.5 per cent initial yield, compared with a running yield of 5.93 per cent average on end-1978 prices. This suggests an annual average rate of growth of about 6 per cent over the past decade. Not startling returns besides, say, the British property bond, but without the same rollercoaster thrills some of these have provided over the same period.

Taken all in all, the Belgian property market now seems out of the convalescent state and back to comfortable, if not ruddy health. One can expect a steady increase in institutional investment interest throughout the second half of the year so long as the Government remains stabilised and the economic indictators keep pointing forward.

Belgium is no more removed from the world's fuel shortages than any other country, of course, and it could be that, by the winter, Europe could be feeling the effects of petrol rationing already being sampled by the U.S. and Japan. Then, not only the property sector but the entire economy would hit a major setback.

Christine Moir

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Strong demand in Germany

LAST YEAR was the best for the German property market since the boom days of the early 1970s. With the return of the German institutional investor, there was intense demand for all types of property and the yields on created investments continued to fall.

According to the German office of agents Weatherall Green and Smith, interest rates in the country are the lowest for many years. Letting markets throughout the country have been very active, particularly in the retail sector. The office market has been "patchy," but in some of the major centres there is a growing shortage of office accommodation.

Because of the shortage of offices coming on stream, following the lack of development during the past three or four years, a substantial rise in rentals is anticipated for offices over the next two years.

The enviable strength of the German economy continues. official annual inflation figures are now averaging 2¾ per cent on a year-to-year basis. There is a firm confidence in the business stability of the country.

The most immediately apparent feature over the past 12 months has been the amount of institutional money which has been available for investment in property.

Encouragingly, the bulk of this money has been German and has originated from the insurance companies and the open and close-ended funds. The latter in particular have become increasingly aggressive in their purchasing policies as demand from the public for property investment has increased.

Although residential property still forms the heart of many portfolios, the demand for new acquisitions has been greatest for new central area commercial properties, not only in the major international towns and cities but also in the smaller communities. In Germany the distribution of wealth throughout the country gives far greater possibilities for achieving such a spread of investments than is available in the United Kingdom.

Out-of-town shopping centres let to substantial covenants have also been favoured, although individual supermarkets have had to pass fairly stringent tests as regards the covenant of the tenant and location before purchase is considered.

Weatherall says that warehousing and industrial property is not yet viewed as a suitable form of investment by German institutions. Although some now appear to be buying some of the better located distributions centres.

With a shortage of realistically-priced created investments on the market, many institutions have been prepared to consider the forward purchase of development schemes, normaly on the basis of a turnkey acquisition with pre-lettings or rent guarantees on any unsecured income.

Exceptions

However, Weatherall has found that, with certain notable exceptions, the majority of German institutions are still reluctant to return to wholly-speculative development propositions, although there have been signs in the first quarter of this year that this view may be changed because of the shortage of other investment outlets.

But it is not only German funds which are buying property; some UK and Dutch funds have been fairly active during the past year. This foreign activity is expected to remain at a steady level during the rest of 1979.

The Singer and Friedlander European Property Trust is typical of British investors' interests having acquired a modern office block in Frankfurt close to the banking and financial centre of the city at Gutleutstrasse. The building was constructed in 1969 with a floor area of some 25,000 sq ft of offices on eight floors, with two lifts and central heating and car-parking at ground and basement levels. The entire property is let to Siemens on a lease expiring in March, 1980. The rent amounts to DM 499,337 a year (£125,000). The freehold interest was valued by Jones Lang Wootton's German office at DM 7.75m (£1.44m), including normal costs and taxes payable by a purchaser.

The property is financed by way of a local mortgage of DM 4m (£1m) at 6¾ per cent a year until January, 1988, and by a loan of DM 3.55m (around £1m) fixed at 7½ per cent until 1983.

Weatheralls state that yield calculations on a UK basis vary from one investor to another but working on the basis of the actual net return to the investor on total investment costs the highest prices which that firm has direct evidence reflect yields between 5½ and 6 per cent for prime rack rented city centre office and retail investments.

The firm states: "We would not be surprised to hear of an investor willing to accept a return down to 5 per cent for something outstanding."

Taking into account the high levels of purchasing costs in Germany, these figures would reflect between 15 and 16 years purchase and up to 17 years purchase, or even above on net rentals.

Forward purchase commitments have tended to add between ½ per cent and 1 per cent to the yields at which investors have been prepared to conclude a purchase, although this year competition has narrowed these margins, especially where there has been a substantial degree of pre-letting involved.

Jones Lang Wootton has found that the greatest demand is in the cities of Frankfurt, Dusseldorf and Hamburg and in these locations development is again viable.

In other cities, however, the market is more sluggish with an over-supply of space, combined with an absence of significant demand from major space-users keeping top city rents in Stuttgart and Munich down below the level, which makes fresh development viable. In Hanover, Bremen and Cologne rents are even lower, making development unlikely in all but the most exceptional circumstances.

Because the development of speculative factories and warehouses for rent represents a relatively new departure for West Germany, construction has not kept pace with demand. There are, therefore, a number of development opportunities available in the industrial sector, providing, of course, that schemes are restricted to really strategic locations.

Robert Campbell of Jones Lang Wootton's Frankfurt office told me recently that the retail property sector is now presenting many opportunities. He said: "While there are 12 West German cities with populations of over 500,000, there are also 62 with over 100,000. Many of these have recently carried out pedestrianisation schemes and there is evidence that these projects have had the effect of increasing turnover, which, in turn, has increased the attraction of shops in these locations as investments."

In Germany, there are few national multiples, many large retail outlets in German towns and cities are still very much in private family hands, although there are signs that a number of regional chains are now wanting to expand nationally.

British agents appear to be gaining an increasing amount of agency work and most of the large firms with offices there have been acting for a growing number of local firms. In April, Weatherall acquired a long lease on a 70,000 sq ft office building in Frankfurt for the regional planning authority for the Rhein-Main area.

The German public authority originally approached the agents at the end of 1978, after abandoning its plans to develop its own building and urgently needed the advice of the agents to solve its pressing space requirements.

German mortgage finance continues to be fairly reasonably easy to obtain and although interest rates have risen slightly from the low levels of last year, with five year fixed mortgages on commercial property now being charged at 7 per cent rising to 7¼-7½ per cent for fixed ten-year mortgages and 8 per cent for 12 year money. These rates are about ½ per cent more than six months ago.

At one point last year it was possible to secure long-term mortgage finance for a new property development project with interest fixed at 6¼ per cent for 15 years.

While interest rates have moved up in line with the Federal authorities policy of curbing inflation, they are still low enough to make new development viable in those locations where the letting market has been active and there is little surplus in completed schemes and where there is little development under way.

Much of the foreign investment now under way in Germany has been by way of back-to-back loans or currency swaps, and the attraction of securing medium term finance at comparitively low rates of interest is bound to stimulate further purchases by British funds.

Since foreign investing institutions which enjoy gross fund status in their own countries do not, in the main, receive a reciprocal status in Germany, the attractions of gearing as a form of tax shelter has its appeal.

The economy of the Federal Republic is the envy of most industrialised nations of the West and the Deutschmark shows little sign of relinquishing its premier position among world currencies, interest rates are still low by most standards and inflation rates even lower. For these reasons, Germany holds great attractions for British investors, though it will probably be a very long time before the developers return, after the mauling they received in 1974.

Rory Ferguson

France escapes from the squeeze

SINCE LAST autumn there has been growing confidence in the French economy following the self-imposed austerity during 1976 and 1977.

The last three months reflected a more confident nation as industrial output increased and a slight fall in unemployment was registered. These more positive signs gave France and its property industry an optimistic start to the new year.

As London does here, Paris dominates the country's property marketand is considered the barometer for France as a whole. Although Paris appears to be nearly two years behind London in a property market sense, there are clear signs that the French capital is beginning to catch up.

Certain areas indicate shortages of good office accomodation with rental values on the increase and falling yields. Once more development is being considered following the glut of office schemes during the early 1970s.

However, both potential developers and investors are showing signs of nervousness as the country begins to face the realities of higher oil charges and a worsening industrial relations climate. It was estimated earlier this year that previous oil price increases decided by OPEC would add a further FFr 6bn to France's imports bill. This is after turning a foreign trade deficit of FFr 20bn in 1976 (FFr 11bn in 1977) in to a small FFr 2.5bn surplus at the end of 1978.

This is coupled with the gloom hanging over the steel industry, where a decision to axe 20,000 jobs has been made and where the workers showed their discontent by taking to the streets.

Take up of office space in the Paris region is estimated to be about 400,000 sq metres a year over the past three years, although last year's figure was thought to be well above this average at close to 450,000 sq metres. According to the latest study by l'Institut d'Amenagement et d'Urbanisme de la Region Ile-de-France (IAURIF) the breakdown is: Paris, 35 per cent; the western sector (including La Defense at 19 per cent), 38 per cent; the northern and eastern sectors—20 per cent; and the new towns five per cent.

The study also indicated that the amount of office space completed and available in the Paris region at the beginning of September totalled 650,000 sq metres. But of this total only about 65,000 sq metres was available in Paris itself and about 130,000 sq metres in the western sector.

Local agents point to the current imbalance of supply and demand between Paris and the western sector, and the other sectors of the region. More than 70 per cent of the total takeup of office space has been in these two sectors against a supply of 30 per cent; compared with a 25 per cent take up in the northern and eastern sectors against a supply of 70 per cent.

The pressure on the main Paris office market, along with La Defense, is so great that agents such as Richard Ellis are predicting that all the current stock in these areas will be absorbed by 1980. But there is little development currently taking place which can satisfy the market and so demand will have to be transferred to the new towns and the northern and eastern sectors of the region.

As Weatherall Green and Smith's French partner M. Paul Buttery concluded in a recent report on the Paris office market, development is once again being seriously considered. He points, however, to radical changes in the authorities' attitude to large-scale development which was undertaken in the 1960s and early 1970s.

Legislative changes to rules such as plot ratios indicate that massive office schemes are a thing of the past and any medium-to-large blocks will be restricted to Government or local authority development areas, Mr. Buttery concludes.

And it seems likely now that any future office schemes within Paris will be restricted to refurbishment and much smaller scale projects than the city has seen over the past decade.

Clearly this will create tremendous pressure on Paris's office market which will be reflected in higher rent levels as existing available space is absorbed. Over the past year alone rents increased by almost 10 per cent in Paris and the west while the rest of the region has remained fairly stable.

Richard Ellis reports that sale prices have increased significantly over the year with a number of deals at record levels in the city centre. The highest, say the agents, was FFr 25,000 a sq metre for a refurbished listed building in the Champs Elysées.

After a false start La Defense, to the west of the city, is beginning to attract a great deal of interest both from tenants and investors. During the past 12 months a number of major deals have been concluded in the huge office development area and for the first time since 1973 new schemes are being considered.

Three major schemes have been announced since the start of the year. Two of these are being undertaken by Groupe Seeri: a massive 60,000 sq metres development in the form of eight interconnecting buildings known as CB20, and a smaller 12,000 sq metres scheme, CB 6. Interconstruction are developing the third project, PB 10, which will be 27,500 sq metres of offices.

A characteristic of these new developments is that they are all low rise with much simpler forms of air conditioning than has been normal. This new trend is aimed at keeping service charges and overall rents as low as possible.

All three schemes are expected to be completed by the end of 1981 and so far about 40-50 per cent of both Seeri developments are pre-let, with present asking rents in the FFr 550-FFr 650 per sq metre range.

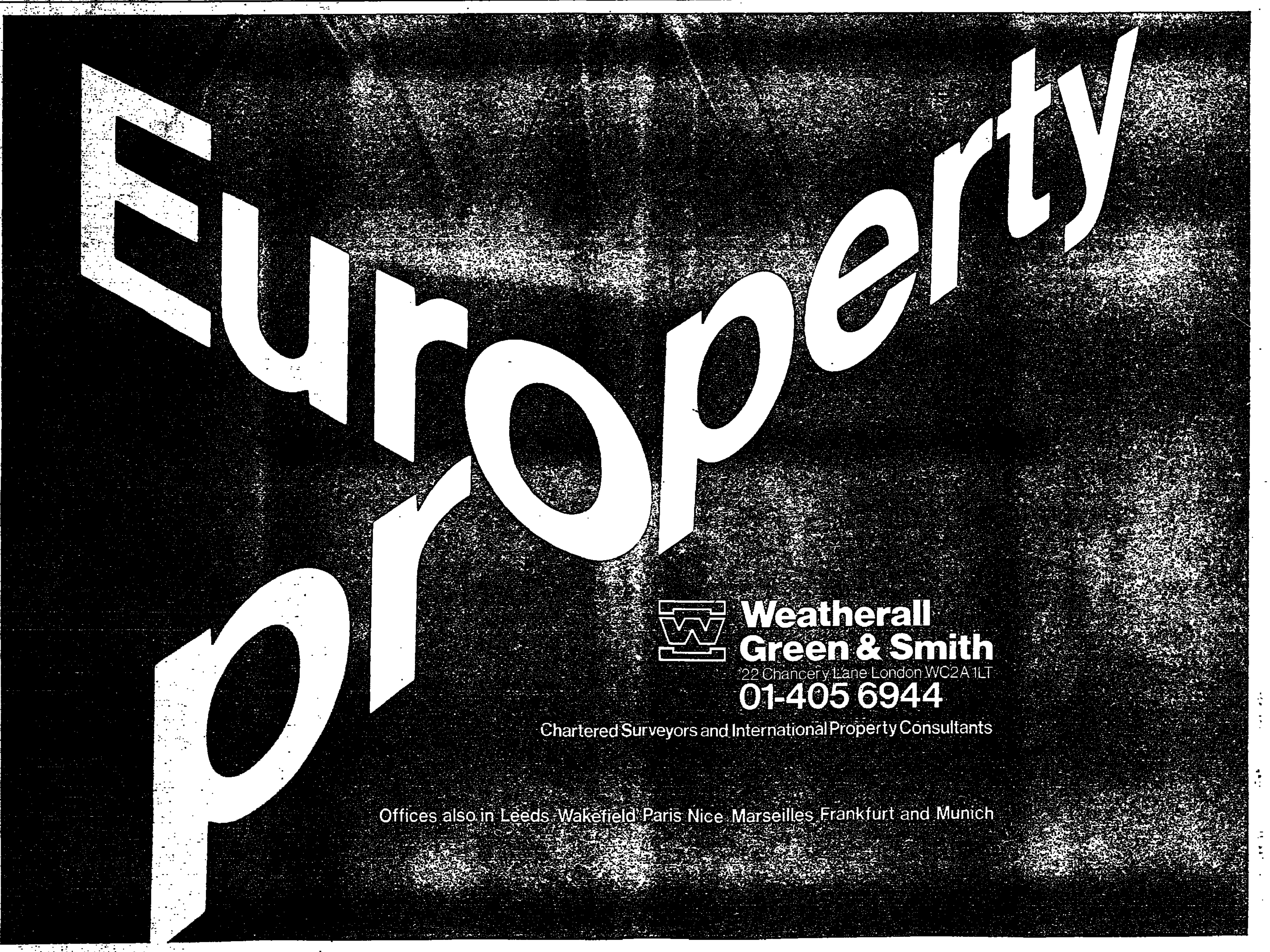
Also in La Defense the U.S.-based Citibank has sanctioned the construction of a new 21,000-sq-metres head office building with an option to extend it to 40,000 sq metres. And in the Nanterre area of La Defense, EDF is in the process of building a 20,000-sq-metres block for its own occupation.

Over the next five years it is intended to increase developed space in La Defense from its present 850,000 sq metres to 1.2m sq metres.

Within central Paris the lack of substantial new developments is being reflected in falling yields. In the last six months or so yields have fallen from 8 to 7 per cent and although it has never fallen below 7 per cent the pressure is on.

As in Britain the pressure of investment money is beginning to build up which, coupled with a scarcity of suitable investments, means that previous parameters are being abandoned. Institutions are already considering vacant office blocks and co-ownership properties. A number of local agents are looking for a break through the 7 per cent yield barrier within the current year.

By a Correspondent



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High-priced sites in Ireland

THE STORY with property in Ireland is one of boom in all sectors for most of 1978, then a cooling off in the last part of the year following a Government credit squeeze in September, but continual upward pressure since then.

The push in prices starts with the high cost of land, and the comparative shortage of the right kind of building land. Since Ireland joined the Common Market in 1973, agricultural land has been at a premium because of the good return farmers get from the Common Agricultural Policy.

There are some 12m acres of agricultural land in Ireland, but only 3 per cent of it changes hands each year. Of this, 3 per cent over 50 per cent is passed from father to son, so that the amount of agricultural land coming on to the market is small indeed.

With even small farms of, say, 50 acres showing a good return—something like £5,000 a year, if properly worked—it is small wonder that there is little agricultural land being converted into building land. In prime areas such as County Meath, north of Dublin, which is flat and has a long grass growing season, land can fetch up to £4,000 an acre. By contrast, agricultural land in Sussex in the south of England, can still be found at some £1,200 an acre.

The price of agricultural land, however, is only one factor pushing up the cost of building land. It is pertinent to prices generally however, that fewer people want to leave the land (that is give up owning it rather than working it).

Additionally, there has been no control on foreign ownership of land, and we still do not know how recently imposed foreign exchange controls will apply to repatriation of capital. This has meant that the Dutch in particular have flooded into Ireland buying farms, mansions and holiday homes by the score.

The result is that the days when a charming thatched cottage could be found in remote Kerry, say, done up with the help of a friendly local builder in need of work all for the cost of £5,000 are long gone.

Today in beautiful Connemara in the West of Ireland, any kind of country cottage would probably cost something like £10,000 if it had any sort of services.

A more important factor in the cost of building land as opposed to agricultural land which could become building land is the shortage of services. This paucity works at all levels. Ireland's telephones are by common agreement woefully inadequate. For example, direct dialling to other European centres is only possible in five towns, and even then connections are uncertain and not often of very good quality.

The country's road network also leaves something to be desired. There are no motorways in Ireland and less than 100 miles of dual carriageway.

Ireland is also short of power, and electricity is not always guaranteed. The water systems are also unpredictable and in the winter hot water in even the best Dublin hotels can be difficult to come by.

With these factors, pressing up prices for land on the supply side, there are also pressures the demand side of the coin. Ireland has one of the fastest growing populations in Western Europe. Largely because of Common Market membership the country has witnessed high rates of economic growth in the past couple of years, measured in both GNP and per capita income terms (although in the latter Ireland still has some way to catch up with Britain).

Keen

The banks have been keen to lend money. Last year money supply (M3) increased by 28 per cent. (M3 is defined as currency outstanding plus associated banks current and deposit accounts plus non-associated banks current deposit, and other accounts less all inter-bank balances.)

Building societies have been happy to lend money particularly up to £16,000, and have recently resisted attempts to have their lending limits lowered.

With the economy hurtling along and money plentiful, house prices have rocketed and office rents have become much more expensive.

An average is difficult to arrive at since prices vary so widely depending on location and the availability of services. But in a non-urban poorish area, land went up from £5,000 an acre to £8,000 an acre by the end of last year.

Some acres of Wicklow, a popular area for expatriate writers and artists, have seen prime building land changing hands at £40,000 an acre. In Kildare, close to Wicklow, the price is something like £25,000 an acre.

In Blackrock, on the edge of Dublin, a one-acre site recently sold at £136,000. In the very centre of Dublin a large development comprising a department store, possibly a multi-story car park as well as flats and shops on a 5½ acre site is expected to cost at least £11m and could go up to £20m. The original purchase from the Dublin corporation was some £3m, although there was a suggestion of a premium being paid.

Suggestion

There is no shortage of builders. Indeed, the country has a construction industry of an annual turnover of £400m. The pebble-dashed bungalows which have sprung up along all the country's main roads replacing often thatched cottages, as well as the new housing development in places like Blanchardstown to the north of Dublin testify to the activity of builders.

But due to antiquated planning laws, getting building permission can be a lengthy process. This tends to put pressure on the price of existing houses.

In Dublin, the price of houses at most levels increased by 40 per cent last year and only started to steady out in the past three months. In Cork, Ireland's second largest city, prices increased by an average of 25 per cent at the lower end of the market and 35 per cent at the higher end, while in Galway, in the west, prices really boomed, increasing by over 50 per cent in most categories.

In Dublin's southern suburbs, the favourite area of professional people, the prices of detached three bedroomed houses close in to the city increased from something under £40,000 on average to over £60,000. Further south in an area like Sandymount three bedroomed houses were going at auction for £35,000 not so long ago.

The price of flats also rose steeply, probably by between 30 and 40 per cent in Dublin. In Ballsbridge, which is part of the southern end of Dublin, flats sold at the end of 1977 for £12,500, fetched £23,000 12 months later. In Milltown further southwest large flats selling in the £20,000 range went up to £35,000.

At the top end of the market, fine Georgian houses in at least an acre of grounds can hardly be found for less than £100,000 and usually cost more.

In terms of office renting, the situation in the last 18 months has gone from one of being a buyers' market to a comparative shortage. Again, it has been a case of a buoyant economy and a comparative lack of sites. Although there are four big projects which will include offices in progress in Dublin at the moment, there are generally speaking few areas available in the city centre for this kind of development.

Elegant

One reflection of this is perhaps the tremendous furore caused by the Wood Quay development plan on the banks of the Liffey River. Recently, a High Court decision gave the go-ahead to the Dublin Corporation to develop this site. It is, however, one of the most valuable Viking sites in Europe and conservationists and scholars have joined forces in a series of protests against the development.

Because of the lack of new development opportunities there is an increasing tendency for the large spacious Georgian houses in the capital to fill the gap in office space.

In the very centre of Dublin, rents can reach up to £6 per square foot. The norm is nearer £2 per sq ft, for offices in Fitzwilliam or Merrion Square, however. These large elegant houses, which have become too expensive for families to live in, make excellent offices, for certain types of businesses, such as solicitors, advertising agencies, and public relations companies. However, again services can sometimes be uncertain, with telexes and telephones unreliable.

For the industrialist looking to build a factory, the problem of services again crops up. However, the Industrial Development Authority helps with the cost of factory purchase and has a number of estates itself which companies can set up with good facilities.

The boom in Ireland is now probably over and, as in Britain in 1974, house prices rocketed as credit was available to levels where prices inevitably had to level off if people were going to be able to afford houses. Bargains have now probably disappeared, but as the Government tightens up on credit (the limit this year is 18 per cent) prices should start to level out. One factor the Government will have to do is clarify the position for foreign residents about selling-up and repatriating capital. This has not been made clear since exchange-controls were introduced last December.

Stewart Dalby

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New rent laws in Italy

ONE OF the major developments on the Italian property scene has been the long-awaited arrival, after some years of delay, of the Equo Canone, or the Fair Rent Law.

It will no doubt take some years for the full effects of the new law to bite but the provisions on rent reviews for industrial and commercial properties could lead to a greater mobility of tenants and a generally more active market.

Though a tight rein is still to be kept on residential properties, business leases could now be more attractive to investors. In a nutshell, leases will in future be pitched for a minimum term of six years with the option for the tenant of another six years. Rents are fixed for the first three years, with revisions thereafter tied in to the Government's cost of living index.

The law also makes provision for rent reviews on existing tenancies which had previously been blocked and gives the tenant first option to purchase the property if the existing owner wants to sell.

However, the main implications are yet to be felt and, for the moment, most interest in the Italian property scene can be summed up in the catch phrase "small is beautiful."

While the industrial giants wriggle under the strain of extricating themselves from hefty debt burdens, small companies are setting a pace for some growth. The upsurge of the smaller business against its larger counterparts is reflected in the industrial property market where small units are in considerable demand even though the overall industrial scene has been far from buoyant.

The ideal industrial property—according to American Appraisal Italia, the Italian arm of London based General Property Valuations—is around 250 to 1,000 square metres, a pre-cast structure and situated in an industrial development close to one of the major cities. A property such as this could command a rent of L18,000 per square metre, and hold an underlying capital value of as much as L200,000 per square metre.

As property sizes creep up, capital values edge down. An industrial site in the 2,000 to 4,000 square metre range would only sell for between L130,000 and L180,000 per square metre. But larger industrial sites built in the '60s and '50s are proving very difficult to sell and prices can be as low as L30,000 per square metre. Reasons for the apparently cheap prices are fairly simple: rapid obsolescence, little possibility for modification and the high cost of demolition.

Yields on industrial properties are more enticing than office developments and range from a minimum of around 6 per cent to about 10 per cent with Milan offering a slightly better return than Rome. Obviously, there are geographical variations with the Italian Government attempting to swing more industrial development southwards away from the traditional industrial triangle of the north.

Most industrial development in Italy appears to be built to order with very little speculative construction. The Italian economy can hardly be described as booming but it has been relatively good over the past couple of years and more interest is being displayed in small industrial sites, especially as the recent Fair Rent Law is moving interest away from housing to industrial and office building.

A further point here is that industrial building is exempt from development tax which can be up to a tenth of building costs.

However, what is beginning to worry some agents in Italy is that the new movement to invest in industrial property could result in a glut by the end of this year. Obviously there are all sorts of imponderables in this scenario, not least the pending election of a new government, but the fact that some property men are beginning to worry about oversupply, hints at the need for some caution in assessing the future.

Buoyant

Demand for office space is reasonably buoyant in the main city areas and this is obviously reflected in rents and capital values. Some large office properties have come up for sale, and this underlines the problems of some of Italy's major companies with their overstretched balance sheets. Some industrial groups have turned to selling off prestige office blocks to raise more funds. Pirelli's skyscraper in Milan was sold off to the regional government, but most of the major sites that come onto the market are being taken up by the banking community.

Despite the few sales of major sites it is still difficult to find prime property space in cities such as Milan, Turin, Rome and Bologna. Inevitably development outside the city centre is more freely available but not so readily taken up.

Rental levels are again biased towards smaller office accommodation. For relatively new air conditioned office space in a city centre in the region of 50 to 200 square metres the rent could be L80,000 to L120,000 per square metre. Capital value for the same office would be about L1.2m to L1.4m per square metre.

Office space in the 200 to 500 sq mtr bracket would command similar rent levels but capital values are probably a bit less at L1m to L1.2m per sq mtr. Above 500 sq mtrs rentals start to come down. Office accommodation in the 500 to 1,000 sq mtr category will go for L80,000 to L100,000 with capital values below the L1m mark for some, though prices vary up to L1.1m per sq mtr, office accommodation of 1,000 sq mtr and above sell for L800,000 to L1m while rents slip back to L70,000 to L90,000 a sq metre

Older office property understandably has lower values. For example at the smaller end of the scale rentals are around the L60,000 to L100,000 level with capital value between L850,000 to L1m. Office accommodation above 1,000 sq mtrs can be rented for as little as L50,000 with selling prices as low as L600,000 per sq mtr.

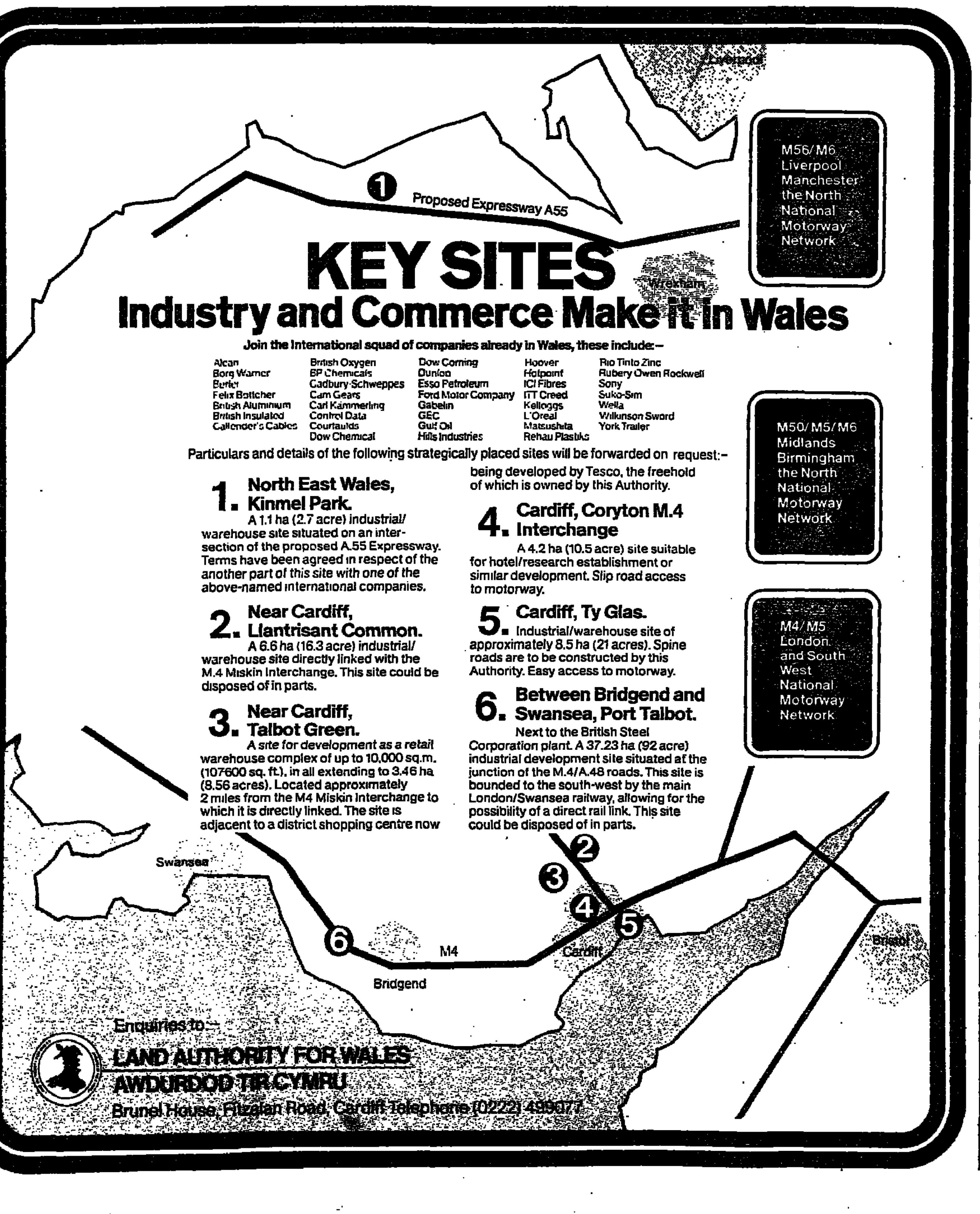
Yields for investors in the office scene have been improving recently and in Milan good property can return over 7 per cent with Rome slightly lower. There are always the exception and one recent deal went through with a yield nearly down to 6 per cent and a rental value in excess of L125,000 per sq m. However yields on office development are still good compared with those obtainable from residential buildings.

One of the big problems for Italians is the lack of economic accommodation in the city area. It is a politically sensitive problem, so one that is up in the air until the new government is elected. However as the situation stands new development cannot keep pace with demand. Figures are pointing to perhaps 165,000 flats to be built during this year but estimates are suggesting that the number needed is double that figure.

Properties are available but at prices far outside even middle-class incomes. An up-market, but far from large, apartment in the centre of Milan could cost as much as L100m. This is an extreme, but to come within the scope of what the average family can afford selling prices should be no more than L300,000 per square metre.

The Government has a 10-year plan to aid housing development, which in a nutshell offers help to various regions but the plan has been criticised for being almost inoperative because of bureaucracy. At best it has been suggested that the Government can only supply 40 per cent of private housing needs. The rest must be met from private developers, and various schemes, such as low interest financing are available. The problem is that yields are not attractive enough to stimulate sufficient building. The Italians are unlikely to overcome this problem in the short term.

Terry Garrett



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Dutch market reflects UK situation

THE DUTCH property market, which in recent years has been transformed by the penetration and influence of British agents, institutions and developers, in many respects now reflects the current situation in the UK.

Large volumes of institutional finance—principally the pension funds—remain ready and available to be committed to prime property investment, though with attractive opportunities hard to find and new development activity still very patchy, overseas markets are tapping a sizeable portion of the funds available.

If only because such investors have to pay pensions out in guilders and wish to avoid the rigours and potential pitfalls of the "currency hoop," investment within Holland remains the most attractive option for operations which in many respects remain fairly unsophisticated in property world terms. Even so, neighbouring countries such as Germany, Belgium and France are now soaking up a fair proportion of the funds available for property investment and some investors are going further afield to countries such as the U.S., while Dutch developers, too, are looking further afield, including the UK.

Funds

On the reverse side of the coin, there has been a continuing inward, if modest, flow of institutional money into Holland, with German pension funds and Belgian insurance companies, for example, investing in Dutch property.

Several British institutions are also maintaining an interest in a market which may not be as fashionable as it once was, but which still provides some good investment opportunities. The Pension Fund Property Unit Trust has, within the last few months, acquired two prime shop investments in Holland—in The Hague and in Amersfoort—while the Singer and Friedlander European Property Trust has just purchased a retail investment in Amsterdam.

The British Post Office Pension Fund has also shown a continuing and close involvement in the Dutch market, having purchased a selection of offices, shop and industrial investments throughout the country in the last two years.

There is now a suggestion that it is looking for a major investment opportunity in the form of a headquarters building and that the price tag is larger than the £7m acquisition in 1978 of a wholesale centre investment in Utrecht.

Investing in Dutch commercial property has several attractive aspects, not least the absence of hardly any legal curb to establishing market rental levels. A prevailing and strong demand for commercial investments continues to support an upward trend in values, though at a lower rate than the trend established in 1976 and 1977.

New legislation, allowing investment premiums to owner occupiers as high as 38 per cent of building costs, and the curbing of commercial construction in the so-called "Randstad" region—the densely populated area embracing Amsterdam, Rotterdam, The Hague and Utrecht—will make it more difficult, however, to develop commercial property for the letting market, resulting eventually in an even greater scarcity of good commercial investments.

The investment market for individual offices and industrial property remains buoyant and there is continuing demand for industrial estate investments.

In the office sector, a fairly longstanding over-supply situation in several of the major centres is now rapidly changing to a position of under-supply, implying a healthy outlook for rental growth. The take-up rate in the office market remained fairly stable last year—matching the 1977 level—with about 3m sq ft of office space either let or sold.

But it was not until the end of last year that new development activity began to reflect rising demand and pressures are now bound to increase in a relatively strong letting market before the new space becomes available.

Amsterdam, in particular, faces a serious supply situation, with development in the city itself hardly ticking over—and unlikely to increase again in view of the restraints imposed by the authorities on new building and renovation work.

The effect on the inner-city office market is unpredictable, though despite the fact that numbers of large space users are now moving out to popular suburbs such as Diemen and Bijlmermeer there will always be a requirement for office accommodation in the centre of the city itself, often involving a presence, if not a headquarters operation, for banks and other financial institutions.

Demand

Last year in Amsterdam, about 125,000 sq. metres of office space was taken up, a 25 per cent increase on the average figure recorded in the preceding few years. With the supply of vacant space now standing at around 50,000 sq. metres, the pressure of demand could imply at least a 10 per cent annual rental growth over the next two to three years. Much will now depend on the rate of migration to the suburbs, with their modern, efficient office blocks.

In Rotterdam, where large-scale city centre redevelopment has been possible, there is by contrast a huge oversupply of office space, with a current excess of over 100,000 sq. metres of accommodation against an average annual take-up rate of about 50,000 sq. metres over the last three or four years.

The situation means that it will most likely take up to two years to let the stock of vacant buildings and that new development schemes are invariably being held in abeyance — if only on a temporary basis.

In The Hague (a special market where peculiar market forces prevail), there has been a shortage of office accommodation, sparked off three to four years ago by a big government take-up of space.

The demand-supply position in the city — where rents since 1974 have been lower than in Rotterdam and Amsterdam but are now generally higher — is now considered to be roughly in balance.

The Dutch retail sector is now experiencing growth in investment demand in line with the overall performance of the shop market. Well-let retail premises are more popular, however, among private individuals and smaller investment groups, with the big institutions usually preferring the larger-scale retail centres which have recently been successfully developed.

In practice, however, many of these are owned and operated by the large retail chains who occupy them and invariably fail to end up in the hands of institutional investors.

Prime shop units of a marketable size are very easily let, although agents Richard Ellis report that rental levels for shop units of about 100 sq metres in cities like Amsterdam, Rotterdam and The Hague seem to have reached a certain ceiling in so far as central locations are concerned.

The Kalverstraat in Amsterdam and the Lijnbaan in Rotterdam, perhaps Holland's two most famous shopping streets, show rentals of around £30 a sq metre after some recent stagnation in rental growth. Decentralised locations in the major cities as well as shopping centres in smaller towns have shown a steady rise in rental levels and it is expected that this trend will continue for the forseeable future.

Industrial and warehouse development has represented perhaps the least attractive sector. The letting market for space of this type has in general been very slack over the last five years, although the situation in the major industrial centres has more recently improved, with substantial letting and development activity being recorded.

Construction work in the industrial sector has led to a steady and high supply of space, especially outside the "Randstad" area. Activity was to a large extent the result of incentives given by the Government in special tax facilities for new investments, although these are no longer valid.

Despite the less than dynamic performance of the industrial sector in the past, investment interest on the part of the institutions has been rising, the main source of demand coming from the Dutch themselves, who have found good shop and office vestments hard to find.

Present investment yields in Holland, based on the British valuation principles, vary from 5¾ per cent to 6½ per cent for central, first class offices and for prime located shop properties. Modern, well-located warehouse in industrial estates are presently showing yields of between 7 per cent and 7½ per cent.

Michael Cassell

Economic burden in Scandinavia

PROSPECTS FOR property development in the Scandinavian countries have been overshadowed to a large degree by problems in the general economic climate. Denmark, Norway, Sweden and Finland have all faced difficulties inflicted by world factors. Property development, as so often is the case, has tended to take the brunt.

In Denmark, the property industry has yet to see any significant recovery from the setback of the mid-1970s when, in the wake of the world's first oil crisis, a decade of property expansion came to a painful end.

Housing development, as well as commercial and industrial expansion, fell back alarmingly between 1972 and 1976. There are signs now, however, that the cutback has been completed, and even that activity is beginning to recover.

The total area of property developed, which fell to only 9.4m square metres in 1974, has shown some improvement this year. Predictions now are that 1979 will show completion of about 11m square metres. This is still well below the peak levels of the earlier part of the decade but it would mean that 1979 will be the first year since 1975 to show improvement.

The picture in development of private homes is less encouraging. The boom to develop private housing in the early 1970s lifted the number of units completed to about 60,000 annually. This total is still falling and in 1979 is unlikely to reach a half of the peak levels.

With the Government unwilling to expand public sector facilities, there has been no stimulation for the property industry from official sources. The hope for the future must be that Denmark's manufacturing industry will achieve the growth hoped for, so that industrial property development will be rejuvenated.

In these circumstances it is hardly surprising that much of the industry's atention, as well as its investment funds, have been drawn into overseas developments. In this, it has benefited from its long history of involvement in worldwide property and construction projects.

But Danish companies inevitably have found themselves involved in foreign projects primarily as construction groups, supplying a high level of technology and experience in prefabricated housing, rather than as property developers with access to funds and to longer-term investments.

Some hope for property development may come from the major adjustment to banking formulas inaugurated at the end of last year. Under the new agreement, the banks agreed to put a ceiling on discount rates. This has held short-term interest rates down, but so far has not had the same effect on the longer-term rates. Mortgage rates have remained high and total mortage credit remains sluggish.

If mortgage and other longer-term interest rates could be brought down, in line with short-term bank lending rates, this could stimulate the private housing market, which is the key to the property industry in the country.

The high per capita income of the Danes is another factor which gives hope that the private housing sector will stage a recovery in the near future. On the other hand, a persistently high rate of unemployment keeps private house starts in check.

The outlook for property in Norway is conditioned, as is so much else in that country, by the prospects for success of the Government's determined measures to counter the effects of its huge overseas borrowings. For the immediate future, property development will have to remain in the background pending longer-term decisions on the next phase of Government policy.

Stimulate

At present, the Government's tight money policy, and reduction in public sector spending and in support to industry, all suggest poor pickings for the property industry for the rest of the year. There is some room for optimism, however: the worst of the country's economic problems seem to be over and next year could bring better prospects.

Property development in Finland labours beneath the same weight of problems borne elsewhere in Scandinavia. Inflation has been brought under control, but only at the cost of reducing economic activity to a low level which inevitably has taken its toll of the property industry.

Some help has been given by three economic packages from the Government over the past 12 months which have been aimed at stimulating industry. This has provided some encouragement for industrial property, and helped to counterbalance the weakness of private housing development, which has languished as Finns have suffered a substantial cut in their incomes.

But the Bank of Finland estimates that domestic activity will remain sluggish and industry's own research institute—ETLA—is anticipating a further drop in industrial investment during the rest of this year.

The property industry's problems are compounded by the tightness of bank credit, which has gone hand in hand with stagnation of investment. Finnish banks have been obliged to bail out near-bankrupt companies, and have then found themselves obliged to commit their funds to the invalids—so blocking genuine would-be borrowers.

As in many other countries, property developers have found that, because they are not large employers of labour, their problems tend to be overlooked by government when credit is hard to find. But, with most banks struggling hard to keep their profits ahead of inflation, it is difficult to see how the situation can be alleviated. Property companies are likely to remain out of sight and out of mind, even if they would like to take up investment funds.

In one respect, however, the authorities have acted in a manner favourable to the property industry. There have been two reductions this year in the basic interest rate—or discount rate—a move which has helped homebuyers, who are generally buying with the help of bank loans.

These moves are not related to monetary policy but reflect official concern about the dire state of personal spending. Unfortunately, there is no indication that the moves in themselves can do much to stimulate housebuilding.

Unfortunately for the property industry there are other pressures on investment funds. The Helsinki Stock Exchange has been active this year and has attracted fund-raising rights operations by eight major companies. It seems likely that the rights issues will prove successful and may encourage other companies to compete for the public's money.

In that case, a big competitor would be the Treasury, which still has a substantial loan requirement to fund this year. Since the Treasury is offering bonds at a favourable rate, it seems unlikely that the banks will be able to attract funds—still less the property operators.

Overall, the position of the property development industry in Scandinavia remains tightly bound up with the economic outlook, not only of each particular country but also of the world economy. The present round of higher world energy prices can be regarded with nothing but foreboding in the Scandinavian countries and the property sector is likely to be as adversely affected as heavy industry.

Terry Byland

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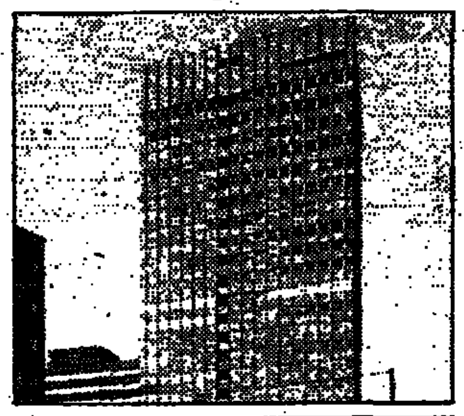
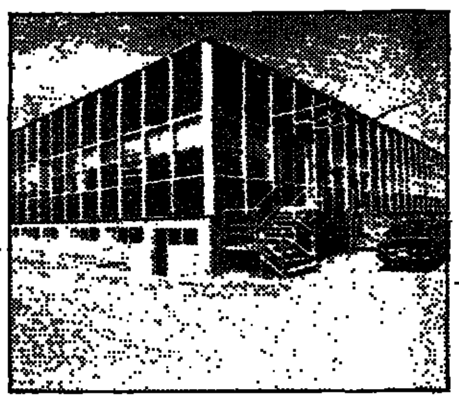


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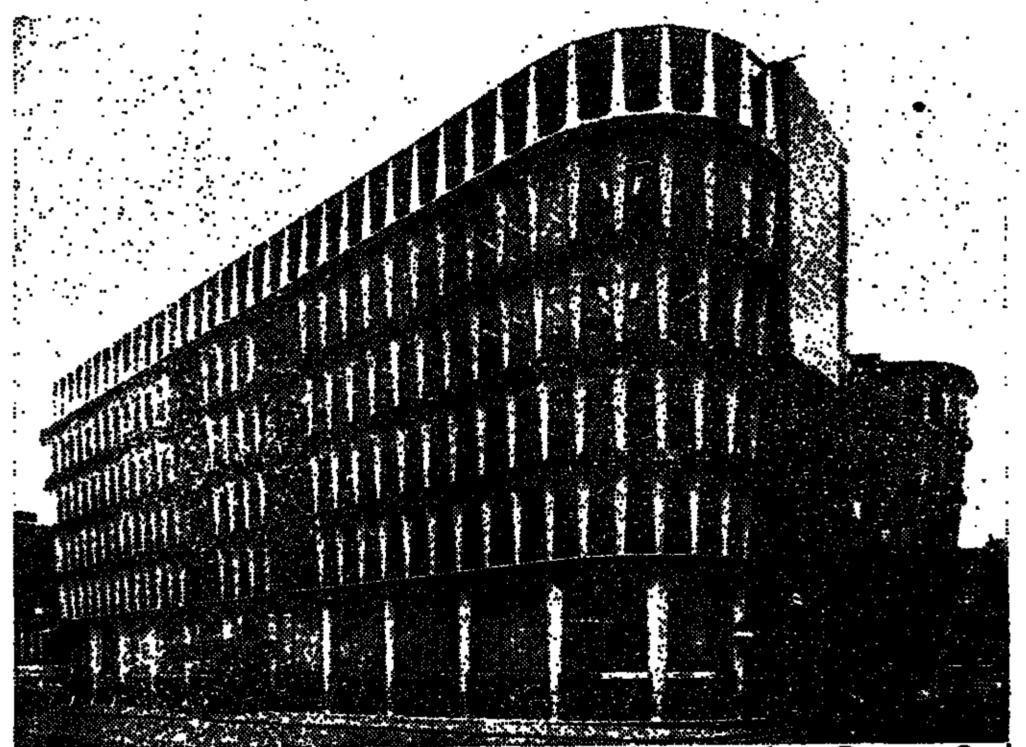

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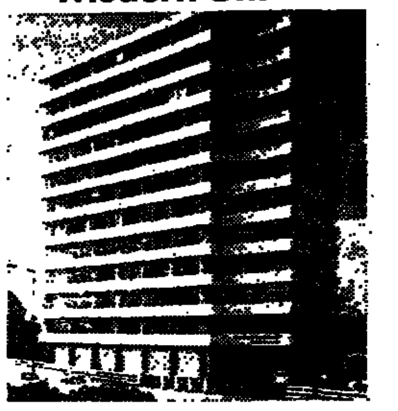

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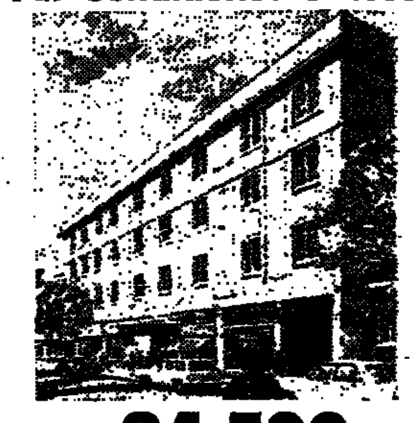

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New controls likely on U.S. land development

THE TRADITIONAL free enterprise market forces upon which the U.S. real estate industry has been based are continuing to be diluted by greater planning restrictions, an inflationary economy and increasing institutional involvements in the property market, coupled with significant changes in methods of raising finance for new developments.

Leading British agents operating in the U.S. see a number of disturbing similarities between the direction the U.S. market is now taking and the climate in which UK property development has been forced to operate over the last decade or so.

Undoubtedly, planning and environmental controls have been a major factor in determining the scope, size and profitability of UK property developers. The incidence of Industrial Development Certificates and Office Development permits, along with other controls, have served to restrict the supply of new developments which in turn has pushed up rents.

By comparison, there have been traditionally very few legislative controls on land development in America but there are clear signs that this is changing as the environmental and planning lobbies increase in strength.

It would, however, be unfair to suggest that any of the current range of planning and building controls are anywhere near as restrictive as those in the UK. But developers are facing more difficulties than before in obtaining planning consents. Increasing demand for Evironmental Impact Studies is just one of the obstacles they have to overcome.

These were first introduced by the Federal Government and required agencies such as the Highway Authority to submit a study, prior to construction being started, to determine the likely impact that major public works—such as dams, highways, bridges, and so on—would have on the surrounding area.

Although this legislation was primarily directed towards the Federal Agencies a number of States have since introduced similar regulations for other developers seeking building permits.

Attitude

There is also evidence to suggest that State and metropolitan authorities are taking a much more stringent attitude towards building permits. Richard Ellis, one of the leading British chartered surveyors and estate agents operating in the U.S., reports that there are areas of San Francisco, for *example, where new buildings* of more than 12 storeys are prohibited.

The U.S. appears to be following the British experience in other directions, notably in systems of raising finance and the growing involvement of institutions like insurance companies and pension funds in new developments.

Historically, much of America's real estate has been funded from borrowings raised from banks and other institutions but, in particular, from real estate investment trusts. These suffered particularly badly when the property market slumped after the 1973 oil crisis, and are no longer a major source of finance for developers.

The gearing element of new developments has traditionally been between two-thirds and three-quarters and one of the most striking effects of the changing climate since 1974 has been the general reduction in the level of borrowed money used to fund projects—as institutions have placed greater emphasis on taking equity stakes in new buildings.

Like their British and European counterparts the major U.S. institutions—which had in the past invested mainly in Government stocks and securities—recognised the need for alternative forms of investments, like property, to provide a hedge against inflation.

The logic of investing in an equity stake, with all the risks that brings with it, rather than simply providing non-risk mortgage money with a higher rate return, had always been alien to the thinking of American investing institutions, but over the past few years they proved to be readily adaptable to the more European method of judging property investment performance, by its capital rather than income growth with rents comparably lower in the U.S. than here.

Inflation has perhaps been the greatest influence on the institution's reassessment of property as an investment but other economic factors are also beginning to affect U.S. thinking about future development.

Land

The U.S. with its vast supply of available building land and less than restrictive planning controls has been the originator of a number of new development concepts like out of town shopping centres and industrial parks. But there are signs that the country's enthusiasm for this and other types of project may be tempered in future.

The automobile is a dominant feature of North American life and developers are now evaluating the effect the current energy crisis — with fears of petrol rationing and spiralling prices —will have on traditional out-of-town shopping centres and industrial parks. The hotel industry in the U.S., which relies heavily on motoring trade is also worried about the effect this will have on their business.

As a result there is more caution about future building programmes and UK agents operating on the other side of the Atlantic can see greater emphasis, at least in the immediate future, being placed on projects in prime locations in town centres.

Additionally, building and finance costs are continuing to rise—with inflation in the U.S. running at annual rate of around 12 per cent in the first quarter of this year. There are fears, too, of a further recession later this year which may also promote a more cautionary attitude to future building programmes.

All this indicates that in some areas, at least short term development will fall short of demand and result in a further increase *in capital values of* existing properties. This would add spice to a property market which UK and European investors already see as important.

The U.S. real estate market has continued to recover from the slump of 1974 and rents rose strongly in 1978. Quilter Hilton Goodison, the UK stockbrokers specialising in property, say that rents in some U.S. cities rose by between 15 per cent and 20 per cent last year.

It would appear that prospective tenants, fearing further inflationary increases in costs, were queueing up to acquire office space. Quilter says that shortages have emerged in cities such as Washington, San Francisco, Denver and even New York.

Some development has begun in reaction to these shortages but the brokers believe that, in view of the high cost of building and finance, there is unlikely to be any major increase of the more speculative schemes.

Richard Ellis and Jones Lang Wootton, two of the first leading UK agents to operate in the U.S., also see shortages building up.

Mr. Christopher Budden, in charge of the Richard Ellis operations in America sees particular shortages in Los Angeles, Atlanta and Dallas, while the New York offices of Jones Lang Wootton recently reported that in most major centres the market was the tightest it had been for some time. In New York there was *relatively little* development and demand was outstripping supply with the result that rents at the beginning of this year for best buildings had past the U.S.$30 a sq ft mark.

Richard Ellis, in particular, sees a close relationship between the current direction of the U.S. market and the climate that UK and European property developers have had to work in for many years. "The U.S. scenario is about 20 years behind ours," says Mr. Budden.

Mr. Brian Goswell, of Healey and Baker, which recently opened offices in New York, also sees similarities—"The conservation lobby in the U.S. is forcing more and more planning controls and restrictions and new development is unlikely to be seen in the future on quite the scale of the early 1970s," he says.

"Restrictions on new development will undoubtedly result in higher rents for the well-chosen prime property resulting in marked growth in values. This is a scenario which is familiar to the British and European institutional investor and is clearly evident in the market."

Agents such as Richard Ellis, Jones Lang Wootton and Healey and Baker place great store by their international experience in coping with market forces which have only recently begun to emerge in the U.S.

Richard Ellis which has a number of U.S., Canadian and European clients makes a great play of its consultancy role which it believes gives it an edge over U.S. agents which have largely acted as brokers in the property market. Other UK agents now operating in the U.S. include Knight Frank and Rutley and Debenham Tewson and Chinnock.

Attractions

The U.S. market offers great attractions to overseas investors—short-term considerations based on supply shortages apart. The country's economy in the long term has proved stable, there are vast tracts of available development land for *future* building and planning restrictions although becoming more stringent are not as onerous as elsewhere.

Additionally, American society has shown itself more adaptable to changes and people are more readily prepared to move from city to city or from different areas within cities. This makes for a more exciting, if not more competitive property market.

The growing level of overseas institutional money coming into America has disturbed some members of the U.S. protectionist lobby and there is concern that attempts may be made to persuade Congress to introduce legislation aimed at stemming foreign investment into the U.S.

However, Mr. Goswell of Healey and Baker does not believe that there will be strong support for this move. He says: "The total size of the U.S. capital markets is equal to just over $3,500bn, compared with foreign investment in the capital markets of $30.2bn—of this less than three per cent is direct investment into real estate."

However, it would appear that overseas investment into U.S. property is bound to continue to climb for some time yet.

Andrew Taylor

Canadian market more hopeful

THE PROPERTY market in Canada has been hit by a combination of Government controls and Canada's slow economic recovery from the recession. However, there are indications that, in the short term at least, the real estate market may improve.

This renewed confidence is reflected in both local reports and assessments of the investment potential in the Canadian *real estate market prepared in* the UK.

In addition, the successful bid by Olympia and York (the private Canadian company, owned by the Reichman brothers) for the English Property Corporation has focused interest on the Canadian market.

In March, the Olympia and York bid of 60p a share finally ensured the company of control over EPC's extensive portfolio in Canada. Olympia and York's interest in EPC stemmed from EPC's half share in its Canadian based Trizec associate — the other half being owned by the rival Bronfman brothers through their company Carena Bancorp.

Indication

While control of Trizec is likely to remain with the Carena group of companies, at least in the short term, the acquisition will increase Olympia and York's existing 35m square feet property holding in Canada and North America.

The performance of Trizec itself gives some indication of the state of the Canadian market. The company is the second largest quoted Canadian real estate corporation and recently announced earnings of C$2.7m (£1.04m), equal to 17 cents a share, in the first quarter, ending January 31, against C$2.1m (£0.81m), or 16 cents, on fewer shares a year earlier.

Revenues were C$55m (£21.22m) against C$48m (£18.53m) and the company said improvement came mainly from a better performance of new income portfolio and from new properties coming on stream.

The company's annual report for the year ending October, 1978, showed total assets of C$956m (£369m) and a cash flow from operations of C$27.2m (£11.3m). Announcing the results in March, Mr. Harold Milavsky, president of the company, said he expected results this year to "compare favourably" with last, despite slow business growth in North America and high interest rates.

In common with many other Canadian property companies, Trizec has looked to the *U.S.* increasingly for its growth. A quarter of its income producing properties are now in the U.S. and further developments, including a partnership with General Motors to build a 21-storey office block, residential and retail complex in Detroit, are under way.

One reason behind this emphasis on the U.S. is what Mr. Milavsky described as the trend towards regionalism and the possibility of "diverse economic *restrictions*" in Canada.

The company now owns 16.7m square feet of offices, 5.3m square feet of shops and a string of "retirement lodges," caravan parks, hotels and apartments throughout Canada and in Detroit, Los Angeles and Atlanta, Georgia.

It is this extensive and diverse portfolio which has made Trizec such a prize for Olympia and York. In the short term, a complex option to buy shares in Trizec will probably enable the Bronfman brothers to retain control of the company though it is likely that in the longer term some shakeout of major shareholdings in Trizec will be necessary.

Within the Canadian real estate industry as a whole a number of factors have led to a change in structure during the past decade with smaller companies being swallowed up or taken over by larger companies or institutions.

A surfeit of Government controls at all levels and restrictive planning policies coupled with the introduction of rent controls and an excess of cash chasing too few prime development sites, has resulted in many developers selling out to institutions.

House-builders, in particular, have felt the effects of these factors and under current tax laws in Canada they need a commercial base to give protection against the cost of carrying land.

As a result, a number of major house-building groups, including, for example, the Bovis Corporation, the Canadian arm of the Bovis Group, have withdrawn entirely from house-building and commercial property development.

Tax and, in some cases, planning restrictions have recently been eased giving rise to renewed investment interest in the Canadian market.

Canada's economic recovery has been slower than that of many other western industrial nations while fiscal restraint has held back Government spending; idle capacity in industry, a relatively large supply of unemployed labour and uncertainties about the economic future have combined to limit consumer and business expenditure.

Nevertheless, Canada's emergence from the recession is beginning to be felt leading to some predictions of substantial activity in the property and construction sector in the next couple of years. Already, a gradual return to buying confidence and an increase in overall domestic spending has brought some improvement to the market, particularly in the non-residential sector.

There is now some evidence that expansion plans which had been shelved are being reviewed again although the degree to which the recent revival is finally reflected in actual building activity will depend to some extent on an easing of development restrictions. Nowhere is this more apparent than in the older urban areas.

Municipal, Provincial and Federal bodies are beginning to recognise the importance of the choice between downtown redevelopment and suburban growth.

The trend over the past five years has been towards further suburban development, coupled

CONTINUED ON NEXT PAGE

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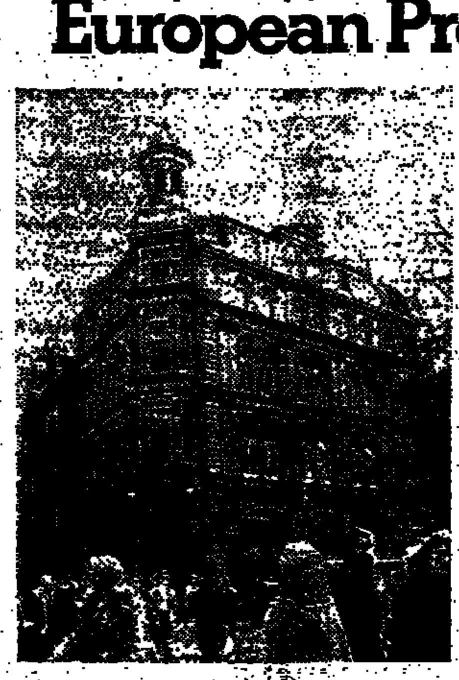

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Big setback in Australia

PES FOR a recovery in stralia's ailing property ket suffered a serious back when two leading nce companies landed in iculties in the second rter of 1979.

he first—Associated Securi- —collapsed after its major reholder decided not to port a proposed rights ie. This increased pressure the second, Finance Corpora- of Australia, which had an t base of £250m, admitted blem property loans totalling m and no significant vision against loss.

While FCA has not gone er, its difficulties have ught reactions from banking les and Government authori- . The New South Wales porate Affairs Commission ised to register its latest spectus until it had justified roperty valuations.

CA's parent, the Bank of elaide—one of the smallest he Australian trading banks —appeared in danger of sinking beneath the swelling property tide and has been told by the Reserve Bank (Australia's central bank) to merge with a larger Australian bank.

It has been offered subordinated loans totalling £30m by the other trading banks plus £6m by the Reserve Bank to ensure its liquidity is not imperilled.

The problems the two financiers are experiencing stem directly from the Australian property boom of the early 1970s. Late last year and early this year there were some vague signs suggesting that a recovery from the *post-boom slump was* gathering momentum.

But the events of the past two months underline the rather *delicate state of not only the* Australian property market but the country's economy as a whole.

The finance companies had, in the years following the boom been able to carry their property problems using income from more profitable loans — particularly leasing—to finance their commitments.

This activity was helped by a drop in interest rates and a *small* reversal in the inflationary spiral but the cut in overall economic growth necessary to sustain these positive achieve*ments has led* to a slowdown in consumer spending, with the consequent cutback in demand for consumer finance.

Profit growth by the big finance companies slowed and, for the smaller firms, survival became the prime consideration.

The problem loans of the early 1970s went mainly to developers intent on acquiring broad acres on the fringe of major cities and holiday areas. *Their aim was to have the area* re-zoned from rural to residential, put in roads and services, then either sell to builders or to the general public.

With low interest costs and rising real wages the demand for new housing in a nation of individual home-owners appeared certain to generate big profits to the developers. But, interest rates jumped and demand slumped leaving financiers with large tracts of unwanted land on their hands.

A similar pattern occurred in *the other major boom area, city* office blocks. The slump left a massive surplus in office space and developers were prepared to offer rent free periods of up to six months, on leases as short as three years plus contributions to partitioning costs in order to fill the space.

According to an office space survey compiled by Jones Lang Wootton, for their February property review, these incen*tives are starting to disappear.* The company also suggests that rentals levels, which were static or *declined* immediately after the boom, are turning up again.

However, it says that "there is unlikely to be a *shortage* of space for some years, although there will certainly be a demand for new buildings."

It argues that the "task of the investor contemplating creating new space will be particularly difficult, for he will need to determine accurately where the space will fit into the market."

And there is a significant caution to would-be investors— "Any failure to create the correct type of space will mean direct competition with the second-hand market and thus rental levels with which no building constructed at today's costs could show a profit."

The commercial/industrial sector was, except for one or two special situations, following a similar pattern to office blocks up until mid-1978. *Yields tended* to be high as firms contracted and consolidated their activities in order to improve profit margins.

There was little new building but the availability of refurbished space vacated during the contraction period ensured that yields remained reasonably high. The pace of consolidation is slowing down and yields have started to fall.

In Perth, the capital of Western Australia, for example, the growing demand from manufacturers interested in winning a slice of the action that will flow from the development of the gas reserves off the north Western Australian coast *is forcing yields down, particu*larly on sale and lease-back arrangements.

On the other side of the con*tinent, at Melbourne — the* capital of Victoria and the country's financial hub — there is growing interest in specialist *deals. Most sort after are pur*pose-built properties for one tenant. The package is put together with the help of an estate agent and sold to an institution or pension fund which then leases the site to the tenant.

One depressing note is that shopping complexes and retail store developments — the one sector that stood out against the trend in the post slump period —is starting to look a little soft.

The problem here is that population growth in the major cities has slowed down considerably (except in a few fringe centres). Developers have turned their attention towards areas where facilities need modernising or are building new centres in competition with complexes built in the late 1960s and early 1970s.

The upshot of the exercise is that yields on both new and existing centres are dropping.

Australia, with its huge landmass and small population, has a property market which is at best patchy. In the rare booms speculators reap considerable gains, but investors are often left with stock bought at boom prices to be sold in the depressed post-boom market.

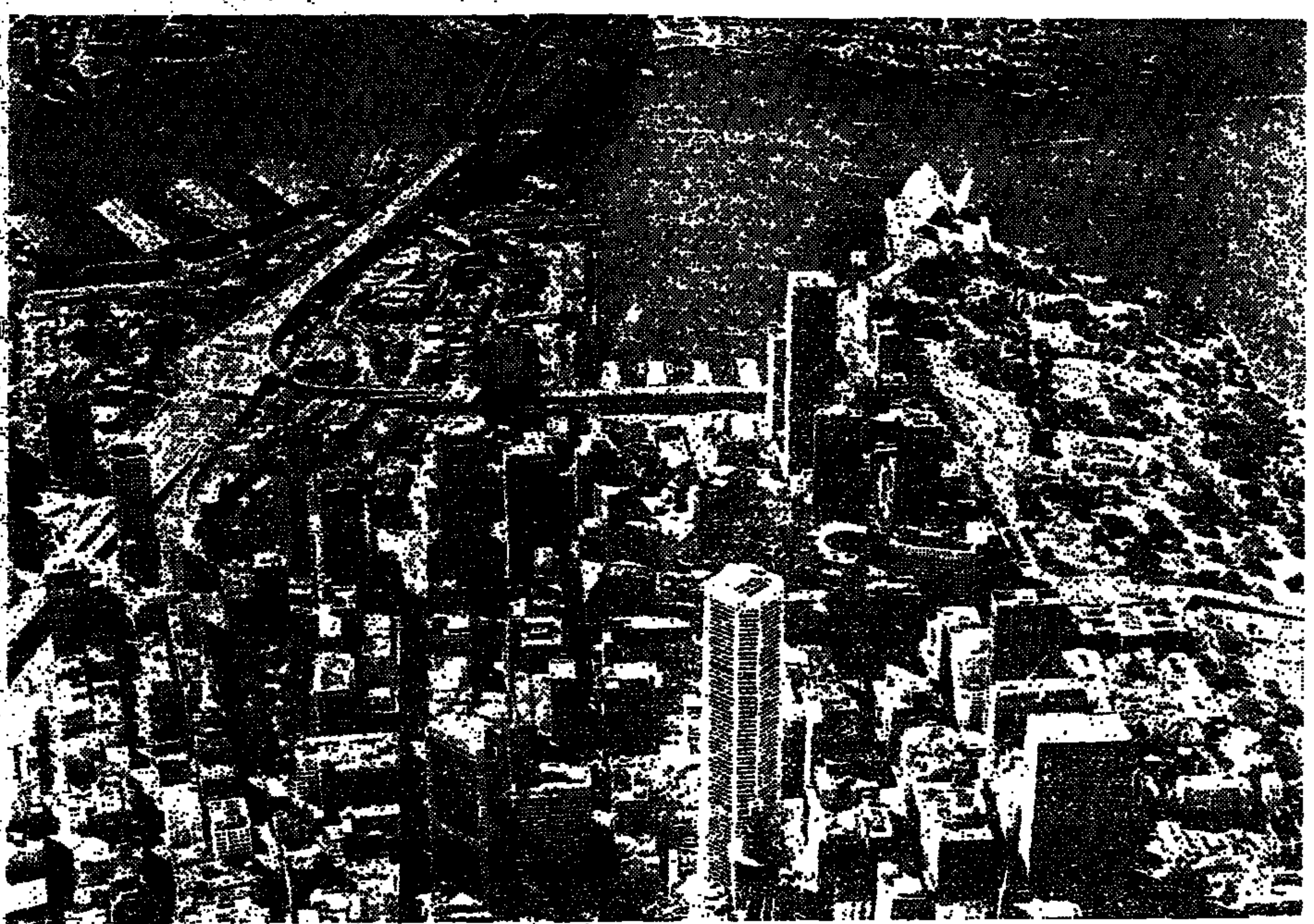
It has its own breed of financial institutions and pension funds which are constantly seeking good-quality property for their own portfolios. Moving the necessary funds into the country can be a problem, particularly if the monetary authorities decide that the domestic money supply is growing rather too fast.

The other major factor in the Australian property market is the role of the public sector. With its system of shared power the country has a large federal bureaucracy, separate state civil servants and a variety of local government administrations. A cutback in expenditure at the federal level (which is still in force) does not always restrict new development in the various state capitals.

In Perth, for example, a number of new office projects are underway which will be occupied almost entirely by State or Commonwealth departments. As a result, these new buildings will add little or nothing to the available stock of new accommodation. But they could have a considerable effect on the second hand market as the departments concerned are currently scattered through existing buildings.

The public sector expenditure cutback is not being offset by any significant upsurge in private investment, although there is some growth in demand *from the tertiary sector.* Overall, the prospects for the Australian property market are not very promising in the near *term, but looking beyond* the next one to two years, there are some areas of interest and potential.

Terry Ogg



The central business district of Sydney — events of the past two months underline the rather delicate state of not only the property market but Australia's economy as a whole

Canadian market

CONTINUED FROM PREVIOUS PAGE

h the building of new towns this has placed the viability some downtown areas, which e lacked positive planning, some danger.

f the industry does emerge o the 1980s with a strong wth trend it will, however, ain some of the effects of nges in customer tastes ich have become apparent in past decade.

estrictions

While the industry was able many years to lease new ldings quickly at reasonable *ntals, business and other un*tainties have led to customers opting a more cautious proach to leasing. This in n has led to a decreased level market absorbtion although re are signs that this situan is again improving.

n addition, *a preference for* nership rather than tenancy for purpose-built property her than speculative property s led developers to restrict lding activity to those prots which are pre-let or in a ong known market.

This trend has led developers to create buildings which combine a number of separate elements which together ensure that the building will be economically successful.

The target set by the developer is therefore increasingly to construct a building which will be an appreciating asset, efficiently exploiting the site, the space, the present and anticipated market demands and the available building, financial and technical resources.

A sector-by-sector analysis of the Canadian market was provided by Richard Ellis, the chartered surveyors, in an *international property report for 1978.*

The company described the Toronto office market in 1977 as "a lacklustre year" with vacant space in the metropolitan area dropping but weak demand in the downtown and midtown areas.

However, the first phase of the College Park renovation of the former Eaton's store in downtown Toronto was completed earlier this month and all 315,000 square feet of office space has been let indicating perhaps an upturn in demand.

Elsewhere in the office sector, demand has outpaced supply in Alberta and is not expected to catch up until later this year or next year. The market for shops appears to be at a turning point following the rapid development of new shopping centres in the late 60s and early 1970s. While there has been a four-year lull in activity in this sector, new activity is expected to develop.

Aside from minimal regional centre construction, this new activity is expected to include *the expansion of existing* centres, community centres in new towns, renovating and refurbishing existing centres and new downtown developments.

Optimism

The demand for new homes will probably depend largely on the growth in population. This expected growth is likely to be patchy concentrating demand for new residential property in areas such as Ontario, Alberta, Ottawa and Quebec.

Across all three sectors there are therefore some positive growth prospects and opportunities in the real estate market. Factors such as the growth in population and pressure for downtown renewal could perhaps fuel cautious optimism.

This should, however, be tempered with a note of caution over the future of the Canadian economy as a whole. One factor *which* could upset a growth trend in the real estate market in the longer term is the size of the labour force.

Canada's labour force is growing at about 300,000 a year and while an increase in the level of unemployment in the 1980s might motivate investment in practice a high level of unemployment could be an inhibiting factor.

The prospects for the Canadian property market are therefore somewhat brighter in the immediate future than they they are perhaps in the longer *term. In the longer term the* performance of the industry may well depend on the economy as a whole and the degree to which development restrictions continue to be lifted.

Paul Taylor

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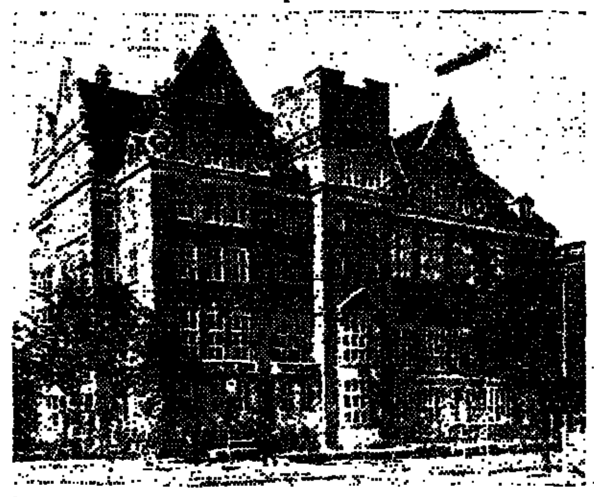

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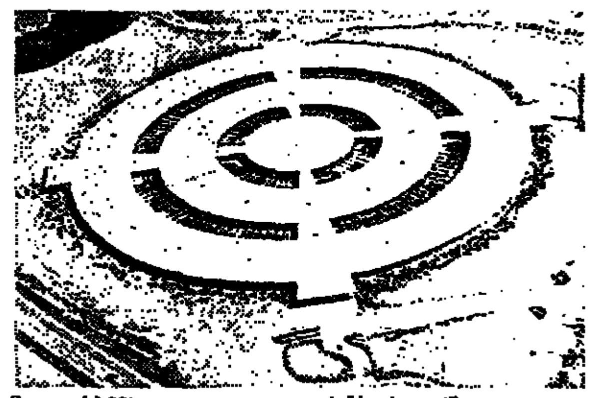

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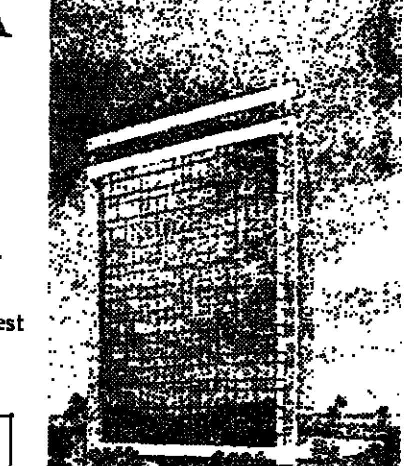

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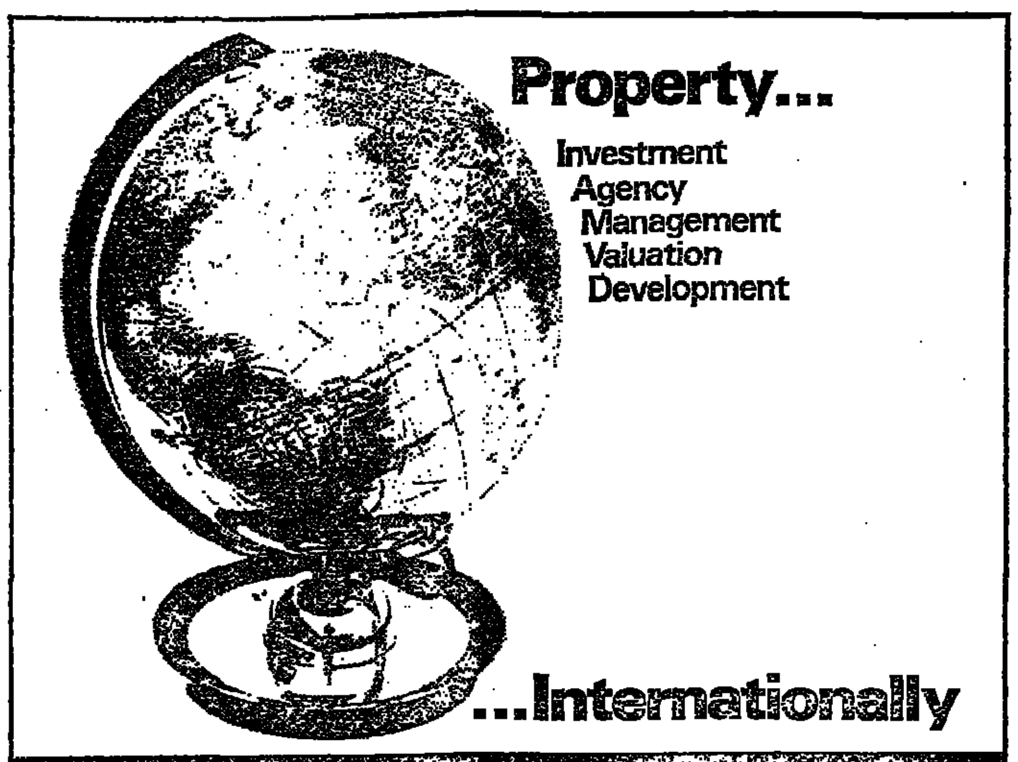
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Far Eastern markets hold up well

ANY REVIEW of the property markets of the Far East naturally draws comparisons between Singapore and Hong Kong, despite the fact that the two markets are incomparable.

On one hand there is a small rock off the China coast, with no natural resources and virtually no water supply or arable land. Only a fraction of its 400 square miles is habitable.

This rock—Hong Kong—has a population of some 5m people, all apparently there simply to generate profits. In stark contrast, Singapore, an island of just 225 sq. miles, has been struggling since independence in 1965 to show the outside world that the new sovereign city state was a viable proposition and worthy of recognition.

Unlike Hong Kong, Singapore's external political relationships are complicated. It is a leading member of ASEAN (Association of South-East Asian Nations), along with Malaysia, Indonesia, Thailand and the Philippines, and, since the 1976 Bali meeting of three heads of government of the five member-countries, there has been a greater political commitment to economic co-operation.

While Hong Kong revels and, indeed thrives, in its free enterprise economy, Singapore remains under the control of a government of Lee Kuan Yew's People's Action Party which has been completely dominant. Its pragmatic approach, of the end justifying the means, has raised living standards of the mass of the 2.4m population. But the individual has lost some freedom for the good of the community.

The Singapore planning authorities take a very firm line on development within the central area of the city. There is a heavy tax on cars entering the city during the rush hour and, for this reason, firms are being forced to the suburbs and city fringes.

But this does not mean that office and shopping development has ceased in the central area—far from it. There are many schemes under way and more in the planning and design stage. One of the biggest of the new crop of projects is the vast Raffles City, a £130m "city within a city" scheme, due for completion in 1984.

Raffles City will cover some 400,000 sq metres and will be dominated by a 66-storey hotel, towering over a 42-storey office block. There will also be another 31-storey hotel. The taller of the two hotels, at 200 metres, will be the highest building in Singapore. The complex also includes a seven-storey podium block containing a convention hall, concert hall and 30,000 sq metres of office space.

This provision of hotels is to meet the growing tourist industry in Singapore which has been growing at a dramatic rate in the past few years. Great importance has been attached by the Government to the building of a convention centre capable of attracting even further business to Singapore.

On the industrial front, developments include the vast Jurong Estate, which has been created from a swamp area. The concept is enormous with over 7,000 acres of development, 600 factories, bulk cargo handling facilities and a vast new housing programme which will give the Jurong area a population of more than 500,000 by 1985.

The largest urban concentration is at the southern part of the city itself, spreading from the harbour. New developments have been built on the road to Changi, on the eastern corner of the island. The area to the north of Singapore city has also been extensively developed in recent years. But the heart of the island has been designated a water catchment area and is protected from development and pollution. Despite the fact that the island has an annual rainfall of 96 inches, water still has to be imported and this is expected to continue for many years to come.

When looking at the Hong Kong property market it is necessary to bear in mind that in the central business district of the island there is virtually only one landlord—Hong Kong Land.

Founded in 1889, it is the oldest property company in Hong Kong. It was initiated under the aegis of Jardine Matheson and the links remain very close today—for example, the chairman of Jardine is, by tradition, also chairman of Hong Kong Land.

In the past six months, the market has peaked and moved sideways when all the signs were that some downward adjustment to values should have taken place.

Explain

According to the Hong Kong office of agents Jones Lang Wootton, it is possible to explain the increases in property values by reference to the easy lending policies by the banks—the so-called "cheap money"—and an impressive growth in the Crown Colony's gross domestic product, for the two years to December, 1978. In addition, relationships with China have never been better.

There has been a great deal of talk about the over-heated state of the property market. Philip Haddon-Cave, financial secretary, in his budget statement translated this into action which included bringing pressure to bear on the major lending banks to restrict credit.

The background to this was that local bank lending to the property sector had reached historically high levels in 1978 with advances up 43 per cent over the previous year and those for building and construction by 70 per cent.

JLW state: "Although the signs are self-evident for a much reduced level of activity for the market there is, of course, a high degree of built-in motion. For example, it will be some 12 months before there is any significant addition to the supply of office space, although there are a number of schemes in the pipeline."

But it should be remembered that by UK standards, property development is still quite cautiously financed and, for the first time in several years, funding conditions are turning in favour of the lender enabling banks to become more choosey.

There is still a great deal of funding to be done in the form of construction finance and the big questions will then be whether effective demand exists for all the property to be completed.

The first quarter of 1979 was not good for Hong Kong real estate market apart from the weakening currency during the period, interest rates have been climbing, from 4.75 per cent to 10.5 per cent. There are also serious worries about the widening trade deficit, soaring inflation and excessive domestic consumption.

But despite all these economic difficulties the property markets have held up remarkably well. There is very little office space to be rented in the central business district and rents have been rising.

Those companies which have a rent review in Hong Kong this year will be unable to threaten their landlord that they will move, a traditional ploy used in the central area, where there are dozens of well-known and prime buildings to choose from; it will be a question of staying put and paying up.

But this situation will not last very long. JLW states that some 7m sq ft of space could be built in the early 1980s and there could be another period of over-supply.

Japan's capital, Tokyo, is due to play host to the world's property industry in June, and few delegates to the FIABCI conference will know anything about development there. The language barrier has prevented all but the most enterprising and determined from attempting to carry out developments there.

And with land prices escal ing, it is difficult to see h any but local developers co make the sums add up viable schemes in Japan. La prices generally rose by average 5.1 per cent last ye more than double the 1977 crease, according to National Land Agency.

The cost of housing land Tokyo, Osaka and Nag jumped by 8 per cent and th rises are from a very high b Each year the tax authori calculate the notional valu the land alongside the m shopping thoroughfares and Tokyo's Shinkuku area the l is valued at a staggering Y2 per sq. metre.

The official target for infla in Japan is 4.9 per cent. imported raw materials rising fast and construc costs are expected to rise sig cantly this year as a comb result of inflation, wage and the cost of impo materials.

Most UK investors loo towards the Far East will ably settle for Hong Kong, profit motive is so inbuilt in Crown Colony's make up th will take a great deal of p cal and economic strife to the free enterprise appr And although there is evid that the domestic econom over-heating, with exce credit demand and m supply growth, labour short widening trade deficit weakening currency.

The question is not so when the Hong Kong boom end, but how—with a contr deflation or with a coll Most of those close to island's affairs believe that former is most likely, bu the meantime the almost u situation is one in v property developers and vestors can operate successfully.

Rory Fergu

"Can you see yourself in Friday's F.T.?"


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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Increasing confidence as Spain prospers

THE SPANISH property industry shows every sign of sharing in the general rejuvenation in confidence which has been apparent throughout the business sector since the success in the March elections of Union de Centro Democratico.

The improvement can be seen in the demand for good-class office accommodation in Madrid and the other major cities, and is also shown in the steady increase in building and development, for the tourist industry.

Spain is image as a cheap holiday area, attracting only the speculative and low-quality developer, has long been put to rest. A number of luxurious villa and apartment developments have appeared along the Costa Blanca between Alicante and Valencia, and the Balearic Islands are again becoming an active area.

The high quality of most recent developments shows the trend of the country's property development market, with developments clearly aimed at the prosperous second home buyer as distinct from the more casual summer visitor.

The trend of the current development phase is also indicated by the price range at the latest sites. The Alicante coastal developments are offering two-bedroom apartments on the seafront at £30,000 and similar apartments further back at £21,000.

Developers in the tourist belt are supremely confident of finding buyers, and not dismayed by any prospects of renewed world inflation or recession. The buyers are from France, Germany and Britain, as well as from Spain itself, where some of the tourist fortunes made in the 1960s are now being reinvested at home rather than abroad.

British buyers, who were very active in Spain at he beginning of last year when the investment dollar premium fell sharply, appear to be coming back again after a check in business when the premium rates reached about 50 per cent last August.

Capital exports allowances of £40,000 for British emigrants and £40,000 for those from other EEC countries make Spain a very attractive proposition for those seeking a retirement home in the sun. The regulations make Spain a far more viable choice than the French or Italian Rivieras.

It is against this background that the signs of strain in the more traditional areas of tourist property development should be measured. There are still vacant apartments and unfinished hotels to be seen on the coast, and there is a general unwillingness in invest in such projects.

Although 1978 was a record year for tourism, the property developers clearly have decided that the hotel and holiday apartment sector of the industry has gone too far for the present.

Investment capital is no longer offered readily for projects which lack attention to proper road planning, water supplies and anti-pollution measures. And industrial pollution, particularly in the Barcelona area, is now a significantly adverse factor. Pollution of the beaches is also taken more seriously than a few years ago, and has discouraged some developers.

From the industry's point of view, the trend to higher grade property is desirable because it indicates access to a higher and more responsible level of investment, with less bad publicity from unfinished hotels and erratic plumbing. It also lays the foundation for a more soundly based return on capital over the next couple of decades, even if the popular tourist market does reach saturation level.

Au further spur is expected to result from the entry into the country of the major foreign banks which, until now, have operated through representative offices. The list of world banks interested in the Spanish market is impressive, and reflects international confidence in the country's prospects.

Weakness

Of the foreign investment in Spain over the past year, a substantial proportion has gone into property development and the expansion of foreign banking facilities will be important in helping finance the upgrading of Spain's property development.

One of the principal weaknesses of the country's finance network has been the medium-term market. Property development traditionally draws its funds from the medium-term market and developers hope to see medium-term credits become cheaper as well as more easily availabl.

Investment in industrial property also shows a healthy upturn, both in numerical terms and in the use of funds. Last year saw substantial development in the chemical, mining and general commercial sectors. Most of this development, which was in the form of factories and office sites, is made directly by companies for their own use rather than for marketing.

Foreign companies— whose investments in the opening months of this year were of such a scale that a Government decree was issued which obliged investors to deposit with the Central Bank 25 per cent of credits obtained abroad — invested heavily in the industrial property area as well as in the more conventional areas such as tourism.

The ten months to October last year saw 50 per cent more foreign investment in the engineering industry than in tourism. Not all this was put directly into property but the proportions indicate the trend to industrial property development.

As Spain gears up for EEC entry, investmentin the industrial property sector, both by foreigners and by local investors, is likely to rise sharply. Several sources commented that this could resultin pressure on property investment which, until now, have concentrated on tourism.

The higher level of o tunity is expected to stim the attention of internat sources of credi which, so have been cautious in their of the Spanish property m

The rate of expansion heavy industrial property velopment indicates that will be a substantial leew office development to be good in the mid-term futur

And, since office block struction lends itself to ternational market more re than either tourist or indus development, many devel are expecting significant o tunities in this field in the when Spain, it is hoped, wi catching up with the rest o EEC.

Terry Byl

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A crutch for shipyards

BY IAN HARGREAVES in London and GILES MERRITT in Brussels

SHIPBUILDING files of the Brussels Industry Commission were thick with ideas for restructuring, rationalising and regenerating the EEC's shipyards two years ago. The expectation was that Viscount Etienne Davignon, Industry Commissioner, would follow up his plan for steel with a shipbuilding plan coolly and logically designed to strip out 35 per cent of the Community's shipyard capacity and preserve the rest for better times ahead with the aid of centrally administered subsidies.

By last summer, the grand plan was in ruins, destroyed by the unwillingness of the major shipbuilding countries to surrender political autonomy in dealing with the painful social problems of shipyard contraction. Rather than Davignon's shared misery, involving 75,000 lost jobs, they preferred to go it alone.

Searching for an alternative approach last autumn, Viscount Davignon and his officials latched on to an idea which traditionally goes the rounds during shipbuilding recessions: a plan to pay shipowners to scrap extra ships in return for their agreeing to order new vessels at discounted prices. It was last tried in a big way in the 1930s.

Tomorrow senior Government officials from the Nine meet to decide whether the fifth version of the plan is suitable for consideration by ministers. The European Commission hopes that six months of intensive discussion with shipowners and shipbuilders have purged the plan of impracticalities and that it will be in force by January, helping to save the remains of the industry.

If it succeeds, it will generate an extra 1m compensated gross registered tons (a measure of ships' tonnage adjusted to reflect labour content of building) a year at a time when annual EEC ship output is expected to sink to not much more than 2m cgrt, compared with an average output of 4.5m cgrt in 1973 to 1976.

Success would be a major coup for EEC industrial interventionism and could provide the first solid plank in an emerging Community maritime policy. If it fails, the Commission will presumably return to the role of monitoring and cajoling about the level and purposefulness of national shipbuilding subsidies which has characterised its approach in the past year.

The latest estimate for the cost of the scrap and build plan is $191m a year, which would be in addition to the estimated £400m-£500m which member Governments are already pouring each year into their stricken shipyards. The Commission is adamant that the new scheme will work, although some officials concede that scrapping usable ships to create demand for new shipping smacks of the absurd.

Two kinds of expenditure are envisaged: £85m would be spent on incentives to demolish ships, compensating owners at least in part for the gap between scrap value and ordinary re-sale value. In addition, for every 2 cgrt of shipping an EEC owner agrees to scrap, he will be entitled to a 7 per cent discount on the cost of 1 cgrt of a new vessel built in an EEC yard. This 7 per cent could be in addition to other national subsidies. In Britain an owner using both Scrap and Build and the £85m Shipbuilding Intervention Fund could receive a discount of 37 per cent per vessel. The 7 per cent premium for new orders is costed at $105m a year.

The rules and rates are finely calculated to try to ensure that antiquated vessels will not qualify. For example, oil tankers up to 60,000 dwt and bulk carriers of all kinds will be ineligible if aged over 16 years. For tankers over 120,000 dwt the cut-off is 13 years and for most general cargo vessels 24 years.

MAIN EEC SHIPBUILDING COUNTRIES

	Output in 1978 (gross reg. tons)	Orderbook at end 1978 (gross reg. tons)	Share of world orderbook %
Denmark	345,000	482,000	1.7
UK	1,133,000	1,236,000	4.4
France	399,000	1,472,000	5.3
W. Germany	838,000	457,000	2.9
Italy	352,000	662,000	2.4
Netherlands	314,000	349,000	1.2
Total	3,381,000	4,653,000	17.9

Source: Lloyd's Register of Shipping

Ships already laid up for 12 months will not qualify for compensation, nor will those already sold for scrapping or those with no current classification certificate. Rates of scrap premium will range from $25 to $80 per ton of steel, which is somewhat below the current market rate for ship steel scrap.

The Commission is particularly keen to avoid fraud, which has been a problem with other aid schemes in a structurally complex and international industry, and has budgetted $1m to police the scheme.

One of the principal strengths of Scrap and Build, especially so far as the shipyards are concerned, is that shipowners have co-operated in devising it, although the Confederation des associations des armatures de la Communaute (CAACE, the European shipowners' association) is still arguing that the new-build premium must be raised to 20 per cent if owners are to be attracted to use the scheme.

At present, however, the scheme seems to have only moderate chances of acceptance. Denmark, whose shipbuilding industry has much the same ownership as its shipping industry, doubled its share of world orders last year and is not keen to help finance a disturbance to the existing pattern. The Danish Government is also currently resisting bailing out the Burmeister and Wain shipyard in Copenhagen, which seems certain to result in closure and the loss of 1,200 jobs.

Italy is probably the strongest advocate, as it already has a limited Scrap and Build scheme, whose cost might be transferred to the EEC scheme. It is proposed to fund the latter directly from the Community budget. Italy's scheme has produced an almost 1:1 scrap-build ratio and has resulted in 426,000 grt of ships being scrapped.

Under the Labour Government, Britain moved to a keen willingness to explore the potential of Scrap and Build, which naturally has strong support from the shipbuilding trade unions. It is not known whether the Conservative Government will support the scheme. One obvious option would be to back the European plan while scaling down domestic subventions.

The problem here is that without Intervention Fund aid, British shipyards are still uncompetitive with others in the Community in the case of many types of vessel, and Britain might therefore find itself financing the Community Scrap and Build scheme without its yards reaping the benefit. There is some support in the Commission for the idea of telling shipowners using the scheme that their new vessel must be built in a certain country. Shipowners can be expected resolutely to resist this.

The rest of the Community is more or less sitting on the fence, but it could be that the very lukewarmness of feelings gives the plan its best chance of being allowed to begin. "They can always comfort themselves with the knowledge that it won't win the support of the owners anyway," one official said.

Quite what good Scrap and Build would do it is hard to determine. Although many loopholes have been plugged; it remains fundamentally difficult if not impossible to limit access to any scheme in shipping, given that there is wide freedom for shipowners outside Europe to transfer vessels and even company registration into the EEC if they so choose. The shipyards would not mind this, but the shipowners would.

There is also the impossibility of gauging whether the ships broken up will be those that the shipping industry wants to go. Clearly an individual owner assessing the financial attractions of the scheme in the case of any particular ship does not take the world industry's needs into consideration in the transaction.

One point EEC shipowners have won, after a fight, is freedom under the plan to buy foreign flag ships and to claim demolition premium for them. There are simply not enough EEC-flag ships in the required age category to make the scheme work. Limiting it to ships registered in the EEC, under the scrap two, build one formula would result in a further depletion of the EEC fleet. It is already shrinking fast under the pressure of the recession.

It is also accepted, after a smaller fight, that there is no question of insisting that the ships be scrapped in Europe. The EEC has an insignificant amount of scrapping capacity (the UK leads, with only 1 per cent of world capacity), so most of the scrapping business will probably go to the Far East, where Taiwan has the dirty and dangerous job of dismantling over half the ships demolished every year. The effects of the scheme beyond shipbuilding and shipping will be imperceptible, as ship scrap accounts for only 1 per cent of world scrap trade.

These, however, are details. They are not, in the end, likely greatly to influence the fate of Europe's shipbuilding industry. Over 40,000 jobs have already been lost in EEC shipyards since 1975, in spite of heavy subsidies from almost every member Government. Whatever happens in the next two years, the number of yards closed and of redundancies is bound to gather pace. The table shows that at the end of last year of the Community's six major shipbuilders, only France had what could be regarded as a comfortable order book, and that three had only about one year's work or less in hand. The position has become worse this year.

Apart from Scrap and Build, there is very little that can be even attempted on an international level. The working party on shipbuilding of the Organisation for Economic Co-operation and Development is likely later this month to agree to a slight easing of credit guidelines for ship exports, but there is little likelihood that it will significantly improve the competitiveness of OECD yards against the terms being offered by countries like Brazil and Poland.

The other major theme of OECD discussions in the last two years—how to get the co-operation of the Japanese, who usually have half the world ship export market—has been over-

At the shipbreaker's in Taiwan

taken by the effective action taken by the Tokyo Government to reduce the capacity of every major shipbuilder in the country by between 30 and 40 per cent. The decisiveness of the Japanese approach, although unavoidable following a string of bankruptcies among smaller yards and mounting losses by the bigger companies, took many European observers by surprise.

European Governments are left with the knowledge that the collapse of a large slice of their industry is now certain. All that remains to decide is how much money they are prepared to spend keeping companies in business, awaiting the promised upturn of demand in 1982-83, and whether they regard Scrap and Build as a helpful palliative. Rijn-Schelde-Verolme, Holland's largest shipping group, is alone seeking $364m in aid from the Dutch Government and more than one in five German shipyard workers is now on short-time working.

The longer term backdrop is one of almost certainly irreversible loss of world market share for EEC shipyards, which used to be able to count on 15 per cent of world orders, within the context of a western European share of well over one-third.

Last year, for the first time, shipyards outside West Europe and Japan took over 30 per cent of new orders. There is no sign, in spite of financial problems in some cases, that the shipbuilding industries of South Korea, Brazil, Poland and Taiwan are significantly going to let up their pace of growth.

Scrap and Build is not capable of seriously deflecting these world trends—indeed it would be dangerous for European shipbuilders to act on this belief Only improved efficiency and concentration on the more complex product lines will provide longer term solutions for the Europeans.

In the shorter term, everyone would be helped by an earlier than forecast improvement in the market and there is a feeling in some shipping quarters that just such an upturn may have begun. If so, the EEC's Scrap and Build plan could have one thing in common with the British scheme in the 1930s. No sooner was it launched than a pick-up in trade made it irrelevant.

Letters to the Editor

Costs of VAT collecting

rom Mr. D. Lyburn.

Sir,—I fear that EEC commitments alone will prevent an increase in the near future in the AT exemption limit to £100,000 r even to £250,000 as suggested y Mr. Stenner (June 1).

At lunch recently my table ompanion eventually provided vidence that he was an HM ustoms and Excise inspector nployed collecting VAT. The ub of the discussion was s frustration that he was ot allowed to replace three aff earning on the average ,000 per annum but who ere "bringing in" on the verage £12,500 per annum. The onversation came to an abrupt alt when I suggested that such ictors as office overheads and e cost of index-linked pensions ight well absorb the £7,500 per num net "collection." Alas to y shame I overlooked the cost the country of the unpaid tax llectors.

rew Lyburn,
Cumlodden Avenue,
dinburgh.

Interest-free cash

rom Mr. J. Williams-Jones.

Sir,—Your correspondent une 4) rightly comments upon e unnecessary adversity exrienced by private enterprise nich has been occasioned by ts of irresponsibility on the rt of the authorities. This mpany however, can tolerate iversity but, as net receivers VAT, cannot countenance e manner in which H.M. Cusms and Excise has helped itlf to a considerable amount our cash on an interest-free sis.

W. Williams-Jones.
lli (Building and Surveying rvices), Marine House,
South Road, Waterloo,
verpool.

Transport policies

om the Chairman,
e Conservation Society

Sir,—The decision of Mr. orman Fowler, Minister of ansport, to abandon for the ne being the proposal to transr car tax to petrol does not de well for the future of ergy policies in this country. would seem that the Government speaks with two voices. hile on the one hand, the cretary of State for Energy ges a reduction in petrol conmption on us, the Minister of ansport will not do a simple d obvious thing that would lp to ensure that this ppens.

We believe that it is absoluy crucial that transport polis over the next few years ould take on board the obus facts of scarce and exnsive energy, particularly ; that our Government should cept that present difficulties ll get worse; that Britain will t be protected by North Sea l, and that unless demand is duced, we will eventually ve disorders comparable to ose now being seen in California.

In the short term, we would gue for hefty increases in trol tax to reduce demand, a eeze on public transport fares encourage a transfer from ivate cars to public transport, asing out of all relief on comny cars and abandonment of y action which would make ad goods transport more competitive than rail, for example an increase in heavy lorry size.

In the long term, we call for a crash programme of rail electrification, approval of the rail-only Channel Tunnel, abandonment of the quite ludicrous proposal to build a third London Airport in the present circumstances, and a cut back of the roads programme since new roads can only lead to greater petrol consumption through increased use.

Dr. L. S. Taitz,
The Conservation Society.
16, Netheraveen Road,
Sheffield, Yorkshire.

Distribution and petrol

From Mr. H. Cole

Sir,—Mr. McKinnon (May 31) appears to overlook one important element in the changing equation between the availability and cost of fuel and the location of shops. That is the frequency of trips.

As fuel prices rise, the importance to the consumer of minimising the costs of other items, particularly food, will increase. It is clear from Mr. McLaurin's Winchester paper that concentration, rather than dispersion, is important as far as delivery of goods to shops is concerned.

The individual consumer will find that it will be increasingly economic to purchase goods in large quantities infrequently rather than in small quantities more often, as the former pattern will enable retailers to minimise their prices.

Hence we may expect to see a shift towards a pattern of increasing size of purchase. This will make the use of a car for bulk shopping more, rather than less, economic provided that the number of journeys is reduced and the car itself increasingly shared. Economic pressures seem certain to achieve this.

It follows that, contrary to what first impressions may suggest, the future of the large decentralised food store (itself easier to service and more economical in fuel) will be made more assured by escalating energy costs because of the overall benefits to customers.

Harvey Cole.
9, Clifton Road, Winchester.

Profits from bonds

From Mr. J. Harrison

Sir,—Eamonn Fingleton (May 26) is correct to draw attention to the often overlooked disadvantage of bonds for higher rate tax payers in that accrued capital gains can become, in effect, taxable as accrued investment income. This situation dates back to 1968 when the original legislation was passed: the Labour Government of the day refusing to accept an amendment to allow relief for losses on bonds. It seemed totally preoccupied in curtailing the use of bonds as income tax efficient investment vehicles for surtax payers. Harold Lever for the Government refused to accept the suggestion that profits from bonds could contain accumulated capital gains in addition to accumulated "surtaxable" income. He considered losses to be unlikely and the possibility of inflation and its effects were ignored.

If the new Government introduces some form of indexation and/or tapering relief on capital gains in general, higher rate tax paying bond holders will be potentially worse off in respect of capital gains within bond funds. I cannot see how Sir Geoffrey Howe would be able to change the taxation rules on bonds to prevent gains from being potentially taxable as income without fundamentally altering the taxation of other aspects of life policies. Of course, if higher rates of income tax are reduced significantly then the problem will not be so severe but the message to any higher rate tax payer must remain *caveat emptor.*

In respect of the example given in the article of an individual just below the threshold of higher rate tax the last paragraph is misleading. As the rest of the section implied, the tax bill would be 14p and not £140. There is no anomaly, the original legislation is clear: ". . . and treating so much of it (if any) as would then not be chargeable to surtax as if it were chargeable thereto at a nil rate."

John Harrison.
7 Regal Lane, NW1.

Recognition of a union

From Mr. P. Cox

Sir,—Your report (May 26) on the recognition by British Aerospace Wharton Division of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, to represent senior managers and engineers makes depressing reading.

The Engineering Employers Federation in its evidence to the Finniston Committee and elsewhere has indicated that it has little regard to the importance of the necessity to recognise the special skills, motivation and status of managerial and professional staffs. This is understandable, but not acceptable, bearing in mind that the EEF has many backswoodsmen who prefer peace at any price to improving the performance of our industry. We have a right to expect better of British Aerospace whose future must be dependent on the development of high professional and managerial skills. This recognition agreement confining these staff to the shop floor union, on threat of trouble from the Confederation of Shipbuilding and Engineering Unions, if Aerospace dares to consider future recognition of the Engineer and Managers Association or other unions who can properly represent the senior staff, is a further nail in the coffin of our industrial development. Aerospace should have had the courage to follow the lead of British Shipbuilders earlier this year and given recognition to the EMA.

The TUC unions prate about the non-proliferation of unions. They would serve the national interest better if they sorted out demarcation and other shop floor inter-union problems rather than try to extend their influence to staff who they cannot properly represent.

P. A. Cox.
Beechcroft,
18, Ranmore Avenue,
Croydon.

Cleaning up in the City

From Mr. J. Sandy

Sir,—Before Sir Kenneth Cork (May 25) brings Temple Bar to St. Pauls I would beseech him to look about him in the City.

The cleaning of stonework, it seems to me, has removed the protective, albeit sooty, protective layer laid down in the 19th century. The result has been that a more insidious smog—now car/lorry induced — is visibly eating away our architectural heritage.

Common prudence suggests that the City should publish a daily pollution index (c.f. Polludex in Johannesburg) against which we can assess the care we are taking of St. Pauls: the bas relief on the pediment of the Monument and other priceless gifts from the past.

Meantime I think Temple Bar should, suitably protected from biological damage, remain in the clean air of Theobalds Park.

Jack Sandy.
Porth Mawr,
Boncath, Dyfed.

A very rich language

From Mr. F. Smith

Sir,—We boast that ours is the richest language in the world. Yet your issue of May 22 shows one of the ambiguities that could puzzle foreigners. On Page 16 you have "Dispenses the chips" with news of a machine that allocates equal portions to each one of fish. On the following and facing page you have "Averys—weighing in on the chip revolution" (by your Mr Crisp) referring to a horse of a very different colour.

Frank Smith.
6 Egley Drive,
Mayford, Woking.

Malaysian Chinese

From the Information Minister, High Commission for Maylaysia

Sir,—I refer to the Men and Matters item "Beastly dispute" of May 31. The fifth paragraph refers to "Malay Chinese." There is no such person. The correct style is "Malaysian Chinese." To say "Malay Chinese" is as incorrect as saying "French Germans."

Murtadza Za'ba
45, Belgrave Square, SW1.

Budgetary control

From Mr. T. Moore

Sir,—Government business is big business and will spend about £60bn of taxpayers money this year.

Now that we have a more businesslike Government, may I make a plea for it to enforce a normal practical tool of management, namely effective budgetary control. By this I mean that Ministers must present typical businesslike budgets to the House before the money is spent (at present the analysis seems to be done after the money is spent). Nothing *elaborate is needed and the submission should be contained on one page.*

Such a system would do three things; it would make Ministers justify every penny before it is spent—it would enable newspapers, radio and TV to inform people of proposed expenditure —and it would give MPs the detailed information they need to control the spending of taxpayers' money.

Tom Moore.
Senior Lecturer,
School of Social Sciences,
Thames Polytechnic.
Riverside House,
Beresford Street, SE18.

Today's Events

GENERAL

UK: First meeting of National Economic Development Council since Conservatives took office under chairmanship of Sir Geoffrey Howe, Chancellor of the Exchequer—agenda includes UK industrial performance and a progress report on engineering construction. Prince of Wales will attend.

First-quarter figures of UK balance of payments.

Post Office statement on postal and telecommunications code of practice.

Application by Laker Airways for full reservation and cargo services for Skytrain.

EEC-City workshop on trade links and mutual investments, Little Ship Club, Bell Wharf Lane, EC4.

Cricket information as a Post Office telephone service in London, now available elsewhere in Britain.

200th Derby Day.

Overseas: Chancellor Helmut Schmidt, West German Chancellor, meets President Carter in Washington for talks covering security of the Western world—particularly in energy and arms.

President Tito of Yugoslavia continues discussions in Valletta with Prime Minister Dom Mintoff of Malta on bilateral relations.

Pope John Paul II continues visit to Poland.

COMPANY RESULTS

Final dividends: Eva Industries. Mountview Estates. Pegler-Hattersley. Interim dividends: Carr's Milling Industries. Comet Radiovision. McCorquodale. Sterling Trust. Thos. W. Ward.

COMPANY MEETINGS

Bellair Cosmetics, New Road Winsford, Cheshire, 11. Clemen Clarke, Clifton Ford Hotel, Welbeck Street, 12. Continental Union Trust, Winchester House, EC, 12.45. Ellis and Goldstein, Barrington House, Wood Street, EC, 12. Guardian Royal Exchange Assurance, 20 Aldermanbury, EC, 12. T. S. Harrison, The London Road, Sheffield, 2. Morris and Blakey Wallpapers, 211, Piccadilly, W, 12. Pearl Assurance, High Holborn, WC, 12. P and O, Leadenhall Street, EC, 12. Francis Shaw, Corbett Street, Bradford, 12.

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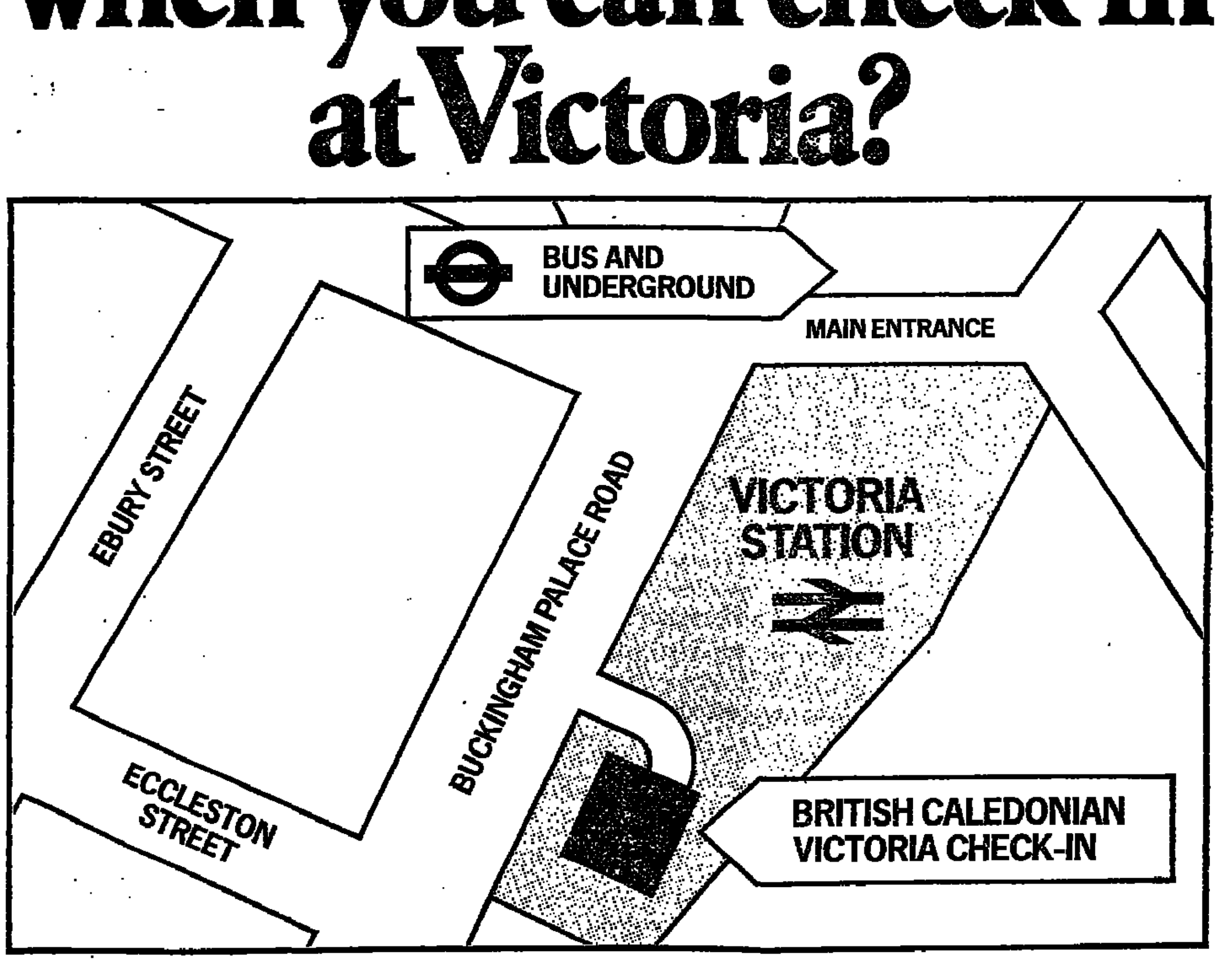

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Grand Met over £52m and set for record

A £9m advance in pre-tax profit in the first half of the current year has kept Grand Metropolitan on course for its forecast of further growth at full-time. All five major trading sectors of the hotel, entertainment and catering concern contributed to the rise in surplus from £43.16m to £52.18m in the six months to March 31, 1979.

To sustain the momentum and with its eye on possible acquisitions, notably in the UK and North America, the company plans to raise £80.5m through a one-for-seven rights issue. These funds will go towards both maintaining an appropriate balance between equity and borrowings, and higher capital spending. Expenditure on fixed assets in 1978-79 is expected to top £110m says Mr. Maxwell Joseph, the chairman.

	Half year 1979 £000	1978 £000
External sales	992,321	856,462
Hotels*, etc	222,587	177,506
Milk and food	213,469	177,352
Brewing and distribn	207,093	133,962
Wines and spirits	217,794	178,946
Betting and gaming	101,378	98,703
Trading profit	72,180	59,713
Hotels	18,689	18,180
Milk and food	12,088	8,166
Brewing and distribn	17,721	16,922
Wines and spirits	18,327	11,740
Betting and gaming	5,155	4,695
Share of assocs	2,096	1,297
Interest	22,093	17,855
Pre-tax profit	52,183	43,155
Tax	13,700	12,225
Net profit	38,483	30,930
To minorities	762	367
Preference dividends	240	240
Attributable	37,481	30,323

* Includes entertainment, catering and managed public houses. † Before £1.2m extraordinary debit.

The net interim dividend per 50p share is raised to 2.5p (1.75p) and, in the context of the rights issue, Treasury consent has been given to 21 per cent increase in total gross payment for the year taking the net total to 5.75p. Last time a 2.0825p final was paid from profit up from £77.77m to a record £115.94m.

Tax for the first half took £13.7m (£12.23m) leaving the net balance ahead £7.56m at £38.48m.

Increased consumer spending in the group's main trading areas before Christmas produced a satisfactory first quarter but prolonged bad weather and national strikes created a difficult trading background in the second three months.

However, external sales improved to £992m (£856m) and trading profit rose 21.7 per cent to reach £72.18m (£59.71m). Higher interest rates, a greater level of seasonal borrowings, and early repayment of Swiss Franc bonds left the interest charge up from £17.86m to £22.09m.

UK profit, especially, was held back by the rise in borrowing costs but managed a 20.9 per cent increase to £52.18m at the pre-tax level.

Entertainment, catering and betting suffered particularly badly in the second quarter and brewing was affected by delayed price increases. On the other hand, capital projects and business development in previous years are now showing through strongly in milk and food although improvement will not necessarily continue at the same rate in the second half, says Mr. Joseph.

The chairman is confident the group's progress will continue and many parts of the business offer considerable scope for growth and new development. Capital spending on development projects will increase substantially within the limits of proper financial balance, he says.

Terminal losses on selling of the group's wine interests in Italy mainly accounted for a £1.5m extraordinary debit this time.

HIGHLIGHTS

Two events dominated markets yesterday, the latest banking figures and a massive rights issue from Grand Metropolitan. Lex looks at the £900m rise in the banking sector's eligible liabilities, a 1.9 per cent increase in the May banking month, and shows how hard the sector is straining against the "corset." The column also examines the gross £80.5m funding exercise from the brewing and leisure group which is designed to support a £110m capital spending programme. Elsewhere, View Forth Investment Trust and Crescent Reserve Fund have published details of the proposed Scheme of Amalgamation. Edgar Allen Balfour is seeking to clarify the intention behind Aurora's £13.8m bid. On the company results front, Lex analyses preliminary results from De La Rue, which claims that a strike at the principal bank note printing factory was responsible for the annual shortfall, and further growth at the interim stage from Northern Foods.

De La Rue down £2m but recovery expected

AFTER BEING ahead at midway from £11.92m to £13.24m, profits before tax of the De La Rue Company, for the year ended March 31, 1979, were down at £26.6m compared with £28.34m in the previous year.

The directors say the profit drop of nearly £2m was more than accounted for by an industrial dispute at Thomas De La Rue's main banknote factory, which lasted for 10 weeks. The lost production will be made up in the current year.

The board confidently expects the current year to produce strong growth with a corresponding improvement in profitability.

Earnings per share last year, before extraordinary items, are stated at 51.3p against 54.5p. The final dividend is 7.147p making 11.055p compared with 9.997p previously.

	Year 1978-79 £000	1977-78 £000
Sales	119,816	110,122
UK	30,454	24,619
Export	67,370	68,369
Overseas	21,992	17,134
Interest payable	961	770
Trading profit	21,593	24,249
Associate profits	5,010	4,091
Profit before tax	26,603	28,340
UK tax	4,394	6,339
Overseas tax	2,728	2,203
Overprovision	577	263
Net profit	20,058	19,951
Minorities	500	356
Attributable	19,558	19,605
*Extraordinary debit	400	1912
Dividends	4,221	3,697
Retained	14,937	18,320

* Net losses of £1.32m on exchange, reduced by £412,000 proceeds from stamp collection sales and £503,000 tax overprovision. † Credit.

The total dividend is equal to 16.5p (15p) gross and is the maximum permitted. If current dividend regulations lapse or are eased when they are due to expire on July 31, the directors will pay as soon as possible, a special interim of up to 6p gross in respect of 1979-80.

If current regulations had permitted, a final of 16.67p would have been recommended to make 22.5p gross.

Sales for the year amounted to £119.82m against £110.12m and comprise £30.45m (£24.62m) from the UK, £67.37m (£68.37m) exports and £21.99m against £17.13m overseas.

Freddie Mansfield

Sir Arthur Norman, chairman of De La Rue

Pre-tax profit under the Hyde recommendations would have been reduced by about £6m to £20.6m.

Of the turnover and trading profit (after management and services charges), security printing, transport and ancillary services contributed £91.5m (£89.7m) and £14.8m (£21.4m) respectively and Crosfield Electronics £28.3m (£20.4m) and £5m (£2.5m).

In a full preliminary statement, Sir Arthur Norman, the chairman, says that apart from the disruption caused by the dispute at Gateshead, the banknote and security printing activities of Thomas De La Rue performed satisfactorily, and the overseas security printing companies did extremely well.

The year also saw another major advance in the performance and prospects of Crosfield Electronics and further good progress in Security Express. De La Rue Crosfield encountered major problems, chiefly in the area of the timing and cost of new developments, and also arising from the effects of dealing with product obsolescence.

The associated companies produced good results. Order books in most sections of the company were in good shape for the current year, and in Thomas De La Rue there are in addition substantial shipments to be made which were postponed from 1978-1979.

Expenditure on modernisation continued at a high level and the investment in research and development has been further increased during the year. The flow of productivity improvements and of new products continues to be satisfactory, Sir Norman says.

Bank loans and overdrafts both in the UK and overseas, increased from £6.1m to £13.6m. On the other hand, at the end of the year there were balances with banks at £32.2m, compared with £24.7m the previous year.

Stocks at the end of the year stood at £24.1m, an increase of 17 per cent over the previous year.

See Lex

Lilleshall more than doubled

FROM sales of £10.36m against £9.86m, profits before tax of the Lilleshall Company, steel and engineering concern, increased from £130,305 to £273,320 in 1978.

Profits in the first six months were up from a depressed £56,345 to £126,257 and the directors considered that profits for the second half-year should not be less than the corresponding period of 1977.

Earnings per share for 1978 are stated at 12.4p against 6.5p and the final dividend is 1.25p, lifting the total from 1.75p to 1.933p.

The profit is after depreciation, £151,340 (£152,005), and bank interest on overdrafts of £151,497 (£126,242).

There is a tax credit of £6,508 against £19,381 and extraordinary credits, £11,929 (£35,906). SSAP 15 has been adopted and comparisons are restated.

The directors say there is still no sign of a general upturn in the demand for steel but the group's consolidation programme to utilise its own resources to greater effect is now showing results.

All divisions could do better, given stable trading conditions without industrial unrest, the Board states.

● **comment**

Pre-tax margins at Lilleshall may have doubled in 1978, but at 2.6 per cent they are still at an unacceptable level. There is scope for improvement in the steel rolling sector, where new plant is now running close to full capacity, but rising costs and the depressed steel market continue to keep profits down. The housing division, which has contributed substantial losses in several recent years, has now been almost completely eliminated but no significant group upturn can be expected until steel demand revives — a prospect of which there is so far little sign. The results were better than expected, with the share price gaining 4p to 40p, and a 55 per cent property revaluation has improved the shape of the balance sheet, but rated on an undemanding fairly rate on an undemanding stated p/e of 3.1 and a yield of 7.4 per cent.

MIDLAND BANK

Stockholders have elected to convert £136,311 of Midland Bank 7½ per cent convertible subordinated unsecured loan stock 1983/93 as at May 31, 1979, and that 28,628 new shares of £1 each will be alloted in exchange.

N. British Steel slides to £14,000

AS EXPECTED, considerably lower profits are reported by North British Steel Group (Holdings), steel founder and engineer.

The taxable surplus slumped from £565,000 to £14,000 in the 28 weeks to April 14, 1979, on lower sales of £5.05m compared with £5.8m. The net interim dividend is maintained at 0.66p—last year's total was 2.03675p on pre-tax profits of £970,000.

At the annual meeting in February, Mr. G. M. Menzies, chairman, warned that first half results would be considerably reduced. The fuel and haulage drivers' strikes had had a serious effect on the group, as had a number of strikes at customers' works.

After tax for the 28 weeks of £7,000 compared with £295,000, stated earnings are cut from 5.3p to 0.1p.

Sumrie lifts dividend by 1p

After turning in record turnover and profit for the year to March 31, 1979, Sumrie Clothes is hoisting the dividend from 1.5p net to 2.5p.

The group says the results reflect the improved efficiency brought about re-equiping the major part of the production division.

Taxable profits went ahead from £203,000 to £384,000 on turnover ahead from £4.41m to £5.1m. Tax takes £215,000 (£114,000) and the retained surplus is well ahead from £51,000 to £106,000.

Forward orders to date are encouraging.

Parkland Textiles ahead

PRE-TAX profits of Parkland Textile (Holdings) rose from £2.31m to a record £2.57m in the year to March 2, 1979, on higher turnover of £31.8m compared with £29.19m.

	1978-79 £000	1977-78 £000
Turnover	31,800	29,194
Trading surplus	3,773	3,249
Depreciation	679	507
Interest	526	414
Profit before tax	2,568	2,308
Tax	385	108
Net profit	2,183	2,200
Dividends	225	195

At midway, the surplus was up at £1.16m (£1.01m), and the directors of the worsted comber, spinner and manufacturer said the immediate prospects looked reasonably good.

After tax for the year of £385,000 (£108,000) — SSAP 15 has been adopted and comparisons adjusted — net profit came through lower at £2.18m (£2.2m).

Earnings per 25p share are virtually unchanged at 31p (31.2p). The second interim dividend is stepped up from an adjusted 1.65p to 1.7178p net making the maximum permitted 3.2243p (2.9125p). The directors will consider a further payment if the basic rate income tax is reduced.

● **comment**

Parkland Textile appears to have emerged fairly well from the multiple of problems which beset the textile trade last year. A 16 per cent boost in trading surplus lifted pre-tax profits by more than a tenth despite higher depreciation charges and losses at subsidiary Smith Bulmer. This, on a 9 per cent volume gain, indicates a slight improvement in margins as well. Woollens have turned out the best income generator but the group's exports were down on the year partly because of the strength of the pound. For the current year, prospects look more hopeful in view of the fact that the textile industry is beginning to show signs of some recovery. However benefits expected from the Multi-Fibre Arrangement have yet to come through. At 84p, unchanged yesterday, the dividend yields 5.8 per cent and a cover of 9.6 times offer ample scope for higher payment when controls are lifted. The p/e, on published earnings, is just 2.6.

Rising sales for Mettoy

Mr. A. Katz, chairman of Mettoy Company, told the annual meeting that orders were very substantially ahead of last year both in volume and value, and sales were increasing accordingly.

These successful efforts to increase turnover were being realised particularly in new product areas.

Scotcros makes £1m cash call as profit expands to £1.46m

A RIGHTS issue to raise £1m and profits more than doubled from £0.63m to £1.46m for the year ended March 31, 1979 are announced by Scotcros, the Glasgow-based packaging, food and transport equipment group.

The issue is on the basis of one-for-three at 60p per share, and has been underwritten by Laurence, Prust and Co.

For 1978/79 the recommended net final dividend is 2.7154p for a total of 3.6573p (3.2791p). The directors intend to recommend a total of 4.422p in the current year—an increase of 22.1 per cent.

Turnover for 1978/79 was £29.45m (£19.55m). The company says that principal factors contributing to the improvement were the first-time inclusion of overseas profits and the elimination of commissioning costs on PVC sheet making plant in Edinburgh.

Profits growth has resumed in the UK and the company is receiving the first benefits from the investment in France. Although pressure on margins continues, sales growth is being maintained and the results of the capital expenditure programme "are coming through."

The directors remain confident that the group has the ability to build on the good results achieved during 1978/79.

● **comment**

The market was delighted with Scotcros' £1m rights and full-year results showing an underlying profits rise of a fifth, and the shares jumped 16p to a high for the year of 92p. On the overnight price, the officer is pitched at a discount of 27 per cent—rather more than recent issues—which, with an ex-rights yield of just under 8 per cent, should be more than sufficient to coax out shareholders' cheque books. Scotcros feels that borrowings should only be a short-term expediency: hence the cash call, which will reduce debt from around 40 per cent of shareholders' funds to under 20 per cent. Meanwhile, prospects for the current year look encouraging. The transport division is benefiting from the U.S. licensing agreement to manufacture roll-over protection structures in the UK while the food division is picking up market share, particularly on the wines side. Last year's overseas acquisitions in the packaging division should also make another useful contribution.

AUTOMOTIVE PRODUCTS

Pinion Investments has purchased a further 100,000 shares in Automotive Products. Pinion is a family trust and is effectively controlled by the Automotive Products board.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Atkins Bros.	2.73	—	2.42	4.1	3.67
Carless Capel	0.62	—	0.55	1.03	0.92
De La Rue	7.15	July 25	6.4	11.05	9.9
Grand Metropolitan int.	2.5	Oct. 22	1.75	—‡	4.74
Lilleshall	1.25	—	1.25	1.93	1.75
LOFS	1.07	—	Nil	1.07	Nil
Muirhead int.	2.2	Aug. 7	2	—	5.08
N. British Steel int.	0.66	July 9	0.66	—	2.03
Northern Foods int.	1.65	Aug. 31	1.5	—	3.75
Parkland Textile 2nd int.	1.72	July 13	1.65*	3.22	2.91*
Scotcros	2.72	—	2.43	3.62	3.28
Sketchley	3.29	June 29	2.94	5.49	4.69
Sogomana	7	Aug. 15	4.5	9	6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 5.75p total forecast.

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Bywater criticises both sides in St. Piran row

Mr. Richard Bywater, who resigned on May 24 as a director of Saint Piran and two of its subsidiaries, yesterday shed some light on his reasons for leaving.

During his short tenure of the post, he had taken a number of actions to defend the interests of shareholders, he said, but he had been unable to clarify certain matters. "At that point I resigned."

The auditors of the company were aware of the things that *concerned him, he added.* But he himself had not got any better answers than shareholders had received.

Mr. Bywater would not go into details about his concerns but he comented: "Its fairly obvious when a chartered accountant resigns four weeks after he joins that he is unhappy about the company's affairs." He also resigned from Gasco Investments, the Hong Kong company controlled by Mr. James Raper, which has a stake of just under 30 per cent in Saint Piran.

Although leaving the Saint Piran camp, Mr. Bywater is by no means a sympathiser with Mr. Max Lewinsohn and others who have been trying to remove the board of the mining and building group. "I do not want to be associated with either side," he said. "I do not have a very high regard for either of them."

He believed the aim of Mr. Lewinsohn and his backers was "a backdoor take-over." He said he had ben put into Saint Piran by Gasco in order to fend off the attempted take-over.

Mr. Bywater did not know what he would do now. He had previously been employed by Price Waterhouse, Ralli International and Mackenzie Hill.

Yearlings slip

The coupon rate on this week's batch of yearling bonds slipped to 11¾ per cent from 11⅞ last week. Issued at par, they are due June 11, 1980.

The issues are: Kerrier District Council (£0.25m), City of Salford (£0.25m), District of the Wrekin (£0.5m), West Dorset District Council (£0.5m), St. Helens Metropolitan Borough Council (£0.5m), Teignbridge District Council (£0.5m), Waverley District Council (£0.5m), Woodspring District Council (£0.25m), Cyngor Dosbarth Dwyfor (£0.25m), Rother District Council (£0.75m), Wirral Borough Council (£1m), Dudley Metropolitan Borough Council (£0.5m), Angus District Council (£1m), Doncaster Metropolitan Borough Council (£0.75m), North Devon District Council (£0.25m), South Tyneside Metropolitan Borough Council (£0.5m), Boothferry Borough Council (£0.25m), Borough of Chesterfield (£0.5m), City of Glasgow District Council (£0.5m), City of Leeds (£0.5m), City of Swansea (£1m).

City of Southampton is issuing at par £1m 12½ per cent bonds due June 3, 1981.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation—June 5th, 1979

The Net Asset Value per £1 of Capital Loan Stock is 249.82p.

Securities valued at middle market prices.

Anglovaal Group

Declaration of Dividends—Mining Companies

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 29 June 1979. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 July 1979, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 1 August 1979. The transfer books and registers of members of the companies will be closed from 30 June to 6 July 1979, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

NAME OF COMPANY	Dividend declared Number	cents per share	Total for financial year cents	Notes
Final dividends—year ending 30 June 1979				
Eastern Transvaal Consolidated Mines Limited	68	35	50	
Hartebeestfontein Gold Mining Company Limited	47	290	400	1
Zandpan Gold Mining Company Limited	14	49	67	2
Interim dividend—year ending 31 December 1979				
Consolidated Murchison Limited	67	30		

1. The dividend takes into account a transfer of R2 500 000 to general reserve to fund government loan levies and the utilisation of loans totalling R7 040 000 to fund capital expenditure.
2. The estimated profit for the year is R8 743 000 (1978: actual R5 442 000). Amount absorbed by dividends is R8 724 000 (1978: R5 403 000).

By order of the Boards
ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: E. G. D. GORDON

5 June 1979

Registered Office:
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Northern Foods ahead to £12m at half-time

HOUGH the road haulage :e and bad weather affected :ing Northern Foods raised :ble profits from £10.67m to ...Mm in the first half to :h 31 1979. Turnover was ...34m to £173m.

...st year the foods and dairy ...p lifted the taxable surplus £17.9m to a record £22.4m, in his annual statement Mr. ...olas Horsley, chairman, said the current year had started He also stated that the ...tors intended to raise the ...panys' debt ceiling to £192m.

	Six months 1979 £000	1978 £000
...vor	173,000	139,000
...ig profit	15,780	11,761
...ciation	3,237	2,065
...ig profit	12,543	9,696
...gs from invests.	460	1,136
...st on borrowings	982	805
...rom British Credit ...t	—	800
... of associates	20	43
... before taxation	12,041	10,870
...	3,600	3,000
... after tax	8,441	7,870
...ity interests	6	2
...rdinary credit	263	96
...ence divs.	5	5
... attributable	8,693	7,959
...ary divs.	2,171	1,834
...ed	6,522	6,125

Freddie Mansfield

Mr. Nicholas Horsley, chairman of Northern Foods, photographed with the high speed milk bottling line at the company's Hull Dairy.

...ading profit for the half was up from £11.8m to ...m. It contains a contribu... this time from Pork Farms. ...time there was a retrospec... milk margin from the ...stry of Agriculture of £1.1m.

... investment Mr. Horsley says the group is pushing ...d with spending likely to top £10m in the UK in the ...nt year.

...wever, it is looking to the ... for its first takeover led ...sion overseas. Mr. Horsley ...ins that takeover oppor...es in the UK are limited Europe holds few attrac... ...e likely target will be in the food and meat products industry with an overall cost of between $10-30m.

The net interim dividend is raised from 1.5p to 1.65p. Last year's total was 3.75p. A further 9,404,086 ordinary shares have been issued following the conversion of £7,463,560 unsecured loan stock. Stated earnings per share are 6.4p (6.43p) and 6.21p, against 5.93p fully-diluted.

The pre-tax surplus was struck after depreciation of £3.24m (£2.07m) and this for the first time included freehold buildings, amounting to £500,000. Investment earnings are down from £1.14m to £460,000, and interest is ahead from £805,000 to £982,000.

There is no dividend from British Credit Trust, which has been sold, compared with £800,000, and the share of associate profits is down from £43,000 to £20,000.

Tax for the period takes £3.6m (£3m), and the charge has been restated to take account of the new policy for deferred tax.

After minorities of £6,000, against £2,000, and extraordinary credits of £263,000 (£96,000) the attributable surplus goes ahead from £7.96m to £8.69m. The retained profit is £6.52m compared with £6.13m.

See Lex

Recovery for Carless Capel

REFLECTING THE second half recovery, which had been indicated at the interim stage, when profits had fallen 28 per cent to £0.82m, Carless Capel and Leonard finished the year to March 31, 1979, with pre-tax surplus ahead from £2.3m to £2.58m, on turnover up at £38.49m, against £32.56m.

And the directors expect that the present satisfactory trend will continue in the current half year.

After reduced tax of £534,000 (£609,000), earnings per 10p share increased from 3.6 to 5.2p. A final dividend of 0.6174p lifts the net total to 1.0289p (0.9214p), but the directors say that in the absence of dividend restraint they would have recommended a 1.3p final.

However, in consequence, they intend to reserve a sum equal to the difference between the proposed dividend and the higher level, and to distribute this as a special payment when circumstances permit.

The company is engaged in refining and marketing hydrocarbon solvents; specialty chemicals; oil and gas exploration.

● comment

The ill wind of oil product price rises and shortages has blown some good over Carless. At the half-way mark pre-tax profit was 28 per cent down. In December, directors were confident some recovery would be recorded in the year as a whole but the 27 per cent jump in the actual figure was better than anticipated. There was little customer resistance to price increases and Carless pushed its margins up from 6.2 per cent to 6.7 per cent. It also benefited from stock profits of around £260,000. Trading in the current year has been buoyant and, with a strong first half expected, a full-year figure of at least £3m appears achievable. The shares edged up 2p to 41p yesterday indicating an historic p/e of 7.8 on published earnings and a yield of 3.8 per cent. The prospective p/e might be 6.6 (after a similarly low rate of tax) and the yield, had the company been able to pay the 1.3p final dividend, is 6.: per cent.

Sogomana advances to £0.76m

INCLUDING investment income almost £130,000 higher at £278,353, profits before tax of Sogomana Group increased from £515,760 to £761,126 for 1978.

Turnover of the group, which is involved in the production of natural rubber, oil palms and cocoa, improved from £1,294,895 to £1,46,490.

Tax takes £333,735 (£227,755) giving earnings up from 9.24p to 13.72p per 10p share. The net dividend total is lifted from 6p to 9p, with a 7p final.

Provident Financial recovering

A POOR start to the current year had been made by Provident Financial Group, but a recovery was now being experienced which was expected to continue into the second half.

This was stated by the chairman, Lord Chelmer, at the annual meeting. He said the problems reported in April, combined with continuing high borrowing costs, had produced results for the opening months which were "the most disappointing for some years."

This would be reflected sharply in the interim results, but steps taken to restore margins were having the desired effect.

British Investment Trust

Highlights from the Report and Accounts for the year to 31st March 1979

Year to 31st March	Total Assets £	Total Revenue £	Earnings p.	Dividend p.	N.A.V. per Ord. Share p.
1975	97,712,000	4,632,000	3.45	3.35	136½
1976	120,323,000	4,746,000	3.55	3.50	171½
1977	118,353,000	5,325,000	4.36	4.30	175½
1978	126,015,000	5,603,000	4.80	4.85	188½
1979	139.461,000	6,158,000	6.11	5.70	211

REVENUE
Revenue from U.K. equities showed an encouraging increase of 16%. short term deposit interest was higher and there was an improvement in the revenue from properties. The value of overseas revenue was adversely affected by the strength of sterling during the year and does not fully reflect the underlying growth of dividends from the investments in these markets. Interest paid showed a reduction and net revenue before tax rose by over 16%.

DIVIDEND
In view of the generally improved revenue situation the Board have declared dividends for the year totalling 5.70p per share, an increase of 17½%, fully covered by earnings per share of 6.11p.

CAPITAL
The valuation of the properties increased by 21% and there was a good performance by the U.K. equity portfolio. These improvements more than offset the adverse effect on the value of the overseas investments arising from the strength of sterling and a material fall in the level of the investment currency premium at the end of the year. Total assets rose by £13.5 million and the Net Asset Value by 12% to a record level of 211p per share.

PROSPECTS
In the coming year the capital performance of the U.K. market is difficult to predict, however dividends from U.K. equities which represent much the largest proportion of total revenue, should show continued growth, particularly if restraint on dividends is not reimposed, and property rents are expected to rise further.
In North America many companies will continue to experience excellent earnings and dividend growth in the next few years and the Japanese economy is expected to remain relatively strong. Investment in these two major overseas markets should be rewarding over the longer term.

Copies of the Annual Report and Accounts may be obtained from The Secretary,
The British Investment Trust Limited, 46 Castle Street, Edinburgh EH2 3BR.

LOFS picks up in second half and returns to dividends

...ER REPORTING a virtu... unchanged mid-way trading ...t of £1.95m, London and ...eas Freighters achieved a ...-even result in the second ...nonths ended March 31, to finish with a loss almost ...d from £3.72m to £1.92m.

...the light of certain favour... developments during the twelve months, the direc... ...eel that dividends may be ...ed on a modest scale— a one year absence—and ...ore recommend a pay... of 1.072p net compared 3.32076p two years ago. A ...or-five scrip issue is also ...sed.

... directors explain that the ...ensation settlement for ...nationalisation of Austin ...ickersgill has significantly ...ised resources available to ...roup. A rescheduling of ...epayments of the major of its dollar borrowings ...eferred calls which would ...wise have fallen upon re...s during the next two until the succeeding two ...

... resulting improvement ...h position has been a fac... the directors' decision to ...ate dividends. However, say the most important ...leration has been the very ...ial improvement in ...its earned during the ...d half of 1978-79 and their feeling of quiet confidence that this will be sustained during the current year.

Attributable loss for the year emerged some £2m lower at £1.9m.

Last August, the company agreed with the Department of Industry for total compensation of £14m on the A. and P. nationalisation, which was in the form of 9⅞ per cent Treasury Stock 1981 issued at the ruling market prices.

	1978-79 £000	1977-78 £000
Trading loss	1,923	3,715
Investment inc. & int.	291	455
Realised losses*	585	857
Surplus vessels sale	2,075	1,781
Making loss	724	3,248
To minorities	†725	†154
Share of assoc. losses	455	793
Attributable loss	1,904	3,985
Brought forward	26,599	27,912
Compensation excess‡	8,777	2,465
Compensat'n stk. int.§	672	207
Dividend	500	—
Leaving surplus	33,644	26,599

* On repayment of foreign currency loans. † From minorities. ‡ Received over book value of investment in Austin and Pickersgill. § In respect of previous year and other items.

The amount represents an excess over book value of £11.2m, of which sum £2.4m was credited in the 1977-78 accounts, the £8.8m balance being accounted for in the period now reported. The market value of this compensation stock on March 31, 1979 was £14.11m.

The group has arranged additional facilities with its bankers, which effectively enable it to defer, at its option, repayments amounting to $10.2m which would otherwise become due in the next two years. An associate, L.O.F. (Jersey) however, was unable to secure similar facilities from its own bankers.

The total indebtedness of the group (including associates) at the year end was £26.12m (£32.99m), which included Eurodollar borrowings totalling $27.93m which are repayable in instalments at various dates up to September 1987—if these loans were to have been repaid on the balance date at the exchange rate then prevailing, the cost would have been £1.66m more than book figures.

● comment

It looks as if London and Overseas Freighters just about broke even in the second six months and given the "very material improvement" in freight rates it is feeling confident enough to start paying a dividend once again. It has rescheduled just over a third of its dollar borrowings and is still sitting on the £14m of Treasury stock. The company is in a much healthier financial state than it was a year ago and Laurence Trust, the stock brokers, reckon that Lofs net asset value excluding tax equalisation, is around 145p per share. The only problem is that no one is sure how long the current buoyancy in freight rates will continue. At 48½p the shares yield 3.3 per cent.

Premier Oilfields makes scrip to reflect assets expansion

...EASED drilling activities ...e U.S., together with a ...00 write-off of start up ...at Buffalo Creek coalmine ...led to Premier Consolida... Oilfields incurring a net ...of £84,610 for the year March 31, 1979 against ...s of £160,515 previously. ... costs involved in the ...ig operations were fore...wed at midway when net ...t of £185,060 (£109,352) reported.

...ever, the board now says ...ith a strong balance sheet ...ubstantial cash flow from ...ican and North Sea oil and gas production, Premier considers it is well placed to benefit from wildcat exploration success in any of its international ventures.

A one-for-ten scrip issue is being proposed reflecting part of the increased value of the group's exploration and production holdings, Mr. Roland Shaw, chairman, says.

The year's net loss is struck after tax of £96,004 (£366,268) but before exchange losses of £73,099 against £43,315. Loss per share is stated as 0.13p (0.26p earnings) and again there is no dividend.

The year's net loss is in spite of an increase in total revenue from £2.6m to £3.1m. Funds generated from trading were more than maintained at £680,000 (£660,000).

	Year 1978-79 £	1977-78 £
Sales	2,851,736	2,303,088
Operating fees	100,305	78,155
Div. & int. income	167,701	153,267
Miscell. income	12,152	24,842
Profit sale fixed assets	255	18,708
Exceptional items	—	64,191
Total revenue	3,132,149	2,642,251
Production costs	1,752,989	1,087,981
Amort. & deprec.	833,641	574,145
*Explor. expend.	3,958	10,044
Expenses	489,150	407,714
Short-term interest	41,017	35,584
Profit	11,394	526,763
Taxation	96,004	366,268
Net loss	84,610	†160,515
Exchange losses	73,099	43,315
Leaving	157,609	†117,200

* Written off. † Profit.

Sales of Oil, Gas and Coal: are split geographically as to UK £358,258 (£65,217); U.S. £1,812,362 (£1,461,069); Trinidad £674,983 (£771,531) and Italy £6,133 (£5,271).

During 1978-79 five successful oil and gas wells and two dry holes were drilled on Premier's U.S. properties. A 50 per cent interest in 350,000 acres covering 17 exploration prospects along the Rocky Mountains was acquired.

The Buffalo Creek mine, producing about 500 tons of coal a day, is expected to make a substantial contribution to 1979-80 cash flow.

In Italy, the chairman says, the group expects that a gas sales contract will be negotiated this year and gas plant construction started. Local gas prices have risen in recent months and interests in the fields where Premier's wells are located have changed hands at prices considerably above their cost to Premier.

As previously announced, Premier has been notified by the Government of Trinidad and Tobago of its intention to acquire the group's Trinidad interests.

Clement Clarke (Holdings) Ltd.

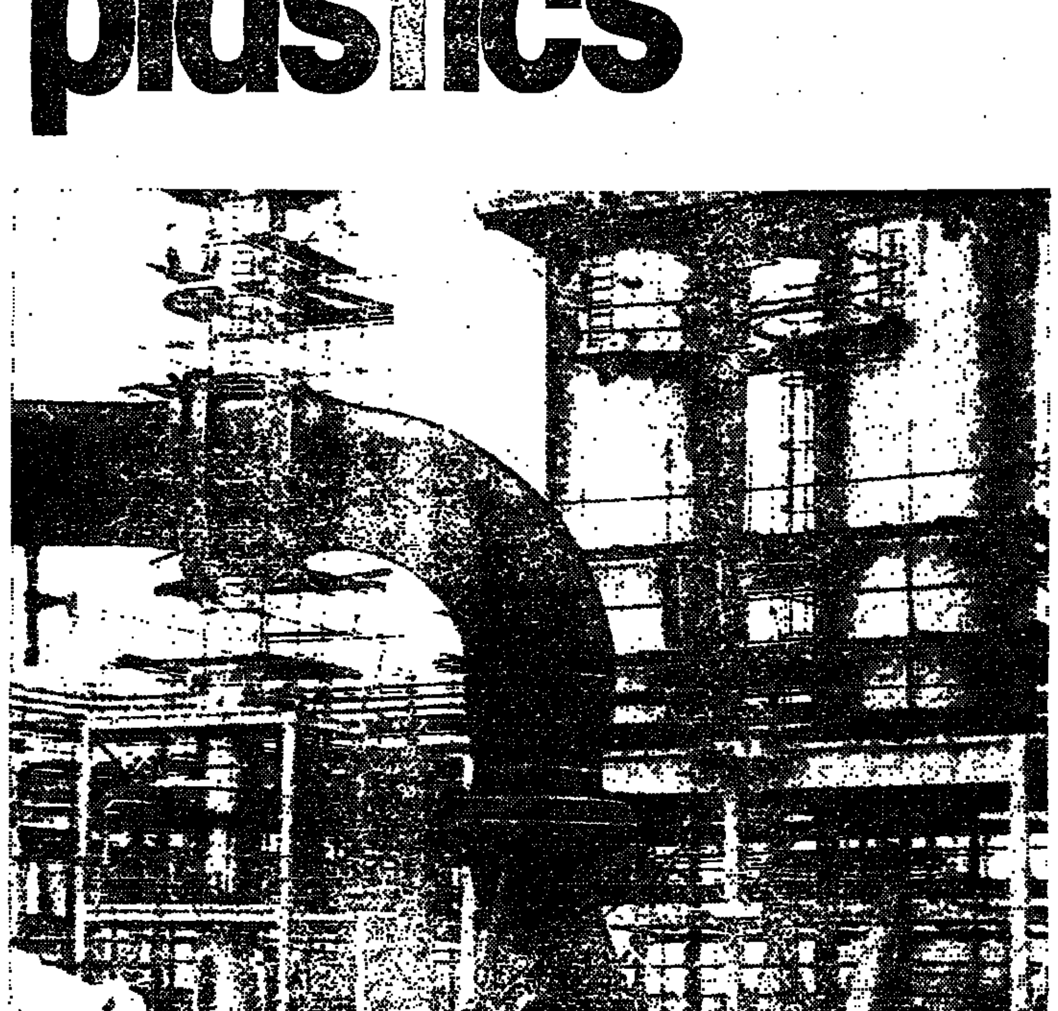
Manufacturing and Dispensing Opticians
Manufacturers of Surgical, Medical, Ophthalmic and Aircraft Instruments and equipment.

Mr. J. H. Clarke, Chairman and Managing Director, reports on 1978:

- Group Sales £9,589,202 (1977: £7,477,264).
- Group Profit before tax £1,256,472 (1977: £879,196).
- Final Dividend 5.4716% making 9.6591% (1977: 8.65%) for the year.
- One for three scrip issue to Ordinary Shareholders.
- Earnings per share 13.99p (1977: 10.99p).
- Export sales £1,174,401 (1977: £975,390).

The year ahead: To date, our general performance has been excellent, with sales in most divisions substantially in excess of the same period last year. Our half-year results should be very satisfactory, and providing the political and industrial climate remains stable throughout the remainder of the year, our final results will be in line with current trends.

Like you, Turner & Newall can't see a future without plastics



Our £17 million investment in new PVC resin plant, on stream this year, will eventually double output.

The market for processed plastics has enormous growth potential.

At T&N, we're making sure we get our share of that growth.

We moved into entirely new consumer fields with the addition of Storeys in Lancaster. We are introducing new moulding and extrusion materials for high technology plastics. And a £17m plant (our largest ever single internal expansion project), which will eventually double our PVC resin output, comes on stream this year.

In three years, we've increased capital employed in plastics and industrial materials from £67m to £125m and plastics now account for over 43% of our UK turnover.

This is only one of the businesses in which T&N is making its mark internationally. We are actively investing and growing in automotive components, specialty chemicals, man-made mineral fibres and construction materials, in addition to mining asbestos.

T&N has been evolving at such a rate that your view of us may have got out of date.

Why not correct that now, by writing for our corporate brochure?

TURNER & NEWALL LIMITED

Providing what the future needs

To: Public Relations Dept., Turner & Newall Ltd., 20 St. Mary's Parsonage, Manchester M3 2NL.

Please send me a copy of your corporate brochure and/or Report & Accounts

Name ____________

Address ____________

P.&6.

Corrected Notice of Redemption

Massey-Ferguson Nederland N.V.

9¾% Guaranteed Sinking Fund Debentures Due July 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of July 1, 1975 under which the above described Debentures were issued, Citibank, N.A., as Fiscal Agent, has drawn by lot, for redemption on July 1, 1979, through the operation of the sinking fund provided for in the said Agreement, $1,000,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

14	2530	4878	7467	9813	11886	14585	17372	20060	22362	24677	27198	29606	31752	34320	37302
45	2540	4881	7474	9841	11889	14600	17404	20075	22377	24678	27201	29612	31783	34321	37377
53	2573	4902	7475	9870	11894	14635	17427	20087	22378	24697	27229	29625	31805	34350	37407
70	2615	4957	7483	9896	11902	14638	17454	20098	22381	24720	27250	29632	31808	34353	37442
93	2622	5031	7489	9901	11907	14652	17468	20099	22409	24743	27252	29656	31817	34370	37454
182	2626	5034	7582	9951	11934	14662	17471	20104	22425	24750	27269	29662	31820	34373	37475
206	2627	5044	7627	9965	11935	14664	17509	20111	22426	24774	27281	29691	31841	34409	37478
211	2630	5061	7645	9970	12021	14674	17510	20118	22434	24840	27324	29713	31942	34428	37499
218	2636	5062	7660	9988	12041	14702	17522	20130	22457	24894	27336	29742	31955	34446	37525
228	2638	5063	7677	9993	12042	14723	17540	20132	22462	24948	27349	29781	31957	34456	37545
294	2658	5079	7700	9994	12043	14741	17554	20169	22465	25055	27351	29801	31993	34743	37552
369	2667	5105	7747	10013	12065	14817	17561	20178	22466	25058	27352	29819	32011	34751	37571
384	2683	5113	7808	10024	12087	14843	17631	20185	22467	25062	27438	29898	32057	34769	37578
406	2684	5114	7820	10046	12091	14856	17648	20223	22543	25076	27439	29906	32061	34799	37604
425	2685	5121	7828	10048	12124	14859	17752	20240	22545	25084	27471	29908	32080	34821	37647
456	2690	5128	7837	10049	12207	14876	17771	20271	22548	25093	27508	29923	32099	34843	37649
475	2710	5143	7862	10051	12214	14877	17780	20274	22551	25126	27550	29988	32117	34844	37657
516	2720	5184	7873	10068	12229	14903	17827	20311	22584	25138	27584	30035	32128	34852	37663
517	2818	5193	7889	10078	12239	14916	17833	20334	22588	25161	27594	30055	32133	34881	37710
537	2835	5233	7892	10092	12254	14918	17856	20349	22590	25190	27638	30070	32157	34882	37713
618	2868	5256	7905	10101	12256	14944	17867	20355	22629	25206	27644	30071	32158	34923	37718
619	2872	5296	7913	10136	12260	15015	17871	20359	22634	25222	27673	30073	32196	34952	37722
620	2892	5343	7930	10147	12272	15025	17901	20367	22640	25224	27687	30082	32212	35073	37747
633	2894	5358	7933	10150	12283	15040	17913	20394	22645	25259	27699	30084	32262	35183	37774
634	2922	5373	7938	10152	12317	15044	17927	20405	22655	25281	27705	30090	32282	35239	37775
648	2949	5375	7946	10161	12325	15049	17931	20413	22657	25282	27740	30173	32283	35284	37781
672	2950	5385	7953	10168	12378	15054	17950	20421	22661	25289	27746	30180	32397	35302	37793
682	2952	5408	7994	10172	12391	15066	17961	20452	22667	25303	27800	30200	32417	35328	37800
713	2990	5411	8039	10183	12393	15067	17964	20458	22711	25359	27806	30210	32420	35337	37818
741	2993	5537	8042	10186	12394	15087	17984	20460	22712	25396	27818	30258	32432	35346	37838
743	2994	5596	8051	10196	12401	15096	18001	20461	22720	25423	27834	30264	32468	35360	37869
757	3000	5649	8055	10214	12402	15137	18013	20491	22722	25498	27842	30286	32483	35368	37882
770	3025	5677	8061	10217	12411	15139	18039	20494	22758	25499	27874	30354	32495	35372	37863
787	3028	5679	8084	10271	12429	15140	18063	20520	22783	25540	27867	30357	32502	35391	37972
789	3035	5685	8162	10275	12446	15157	18075	20531	22805	25577	27891	30365	32608	35416	38001
818	3038	5698	8164	10309	12453	15178	18112	20570	22817	25578	27937	30371	32620	35423	38054
854	3082	5735	8165	10321	12456	15201	18144	20571	22830	25581	27940	30383	32630	35433	38055
855	3115	5753	8181	10378	12466	15264	18150	20593	22921	25582	27941	30406	32635	35465	38064
856	3163	5768	8204	10411	12480	15282	18159	20653	22927	25586	27966	30436	32640	35481	38082
879	3169	5798	8219	10413	12532	15290	18207	20700	22939	25600	27995	30453	32678	35502	38095
910	3170	5805	8273	10416	12534	15291	18219	20705	22959	25658	28005	30467	32680	35524	38108
942	3216	5847	8302	10470	12550	15292	18231	20707	23027	25678	28007	30474	32689	35546	38109
944	3279	5853	8307	10471	12564	15371	18246	20724	23036	25663	28011	30491	32692	35570	38118
955	3338	5871	8335	10482	12571	15397	18267	20729	23038	25685	28066	30498	32698	35594	38131
1018	3343	5916	8351	10496	12603	15403	18294	20762	23040	25726	28100	30506	32714	35636	38151
1031	3363	5918	8369	10531	12610	15426	18299	20771	23044	25751	28104	30519	32793	35643	38192
1139	3370	5935	8371	10582	12670	15433	18336	20830	23068	25771	28129	30556	32798	35656	38280
1146	3374	5952	8378	10584	12695	15567	18362	20837	23088	25786	28151	30620	32800	35690	38294
1152	3408	5962	8396	10619	12736	15570	18372	20860	23099	25790	28175	30631	32801	35702	38307
1170	3412	5989	8399	10644	12758	15573	18433	20923	23129	25791	28178	30650	32822	35731	38385
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1172	3475	6032	8429	10661	12803	15656	18452	20926	23169	25867	28186	30665	32835	35753	38405
1185	3527	6073	8431	10679	12861	15725	18477	20927	23173	25886	28246	30675	32862	35765	38410
1199	3537	6083	8465	10701	12900	15732	18478	20967	23212	25900	28254	30677	32866	35804	38434
1237	3539	6085	8467	10721	13010	15771	18517	20968	23224	25905	28302	30687	32869	35841	38486
1241	3546	6149	8478	10731	13025	15800	18553	20996	23234	25925	28316	30768	32872	35847	38522
1244	3548	6175	8524	10752	13027	15811	18587	21029	23242	25932	28319	30772	32873	35870	38534
1261	3558	6182	8533	10844	13029	15826	18604	21051	23250	25942	28334	30775	32889	35887	38557
1262	3561	6195	8537	10845	13030	15862	18605	21066	23264	25958	28390	30776	32905	35889	38564
1282	3573	6223	8538	10849	13063	15865	18644	21081	23307	25995	28321	30793	32945	35964	38577
1287	3588	6225	8677	10864	13064	15871	18656	21110	23314	26015	28398	30800	32966	35995	38680
1306	3593	6235	8704	10915	13068	15883	18657	21135	23324	26087	28399	30818	33026	36011	38683
1307	3633	6237	8708	10916	13103	15899	18666	21145	23326	26092	28422	30832	33052	36013	38688
1311	3636	6240	8721	10938	13166	15902	18667	21152	23333	26098	28457	30834	33104	36025	38716
1317	3640	6246	8747	10944	13176	15932	18672	21158	23354	26152	28481	30860	33136	36057	38726
1319	3641	6256	8772	10959	13195	15983	18679	21164	23362	26174	28494	30868	33150	36078	38834
1334	3653	6258	8774	10979	13217	16072	18684	21224	23374	26175	28515	30887	33156	36106	38888
1349	3692	6259	8775	11024	13239	16080	18720	21230	23379	26182	28519	30893	33164	36110	38891
1357	3702	6311	8809	11030	13245	16082	18733	21287	23394	26213	28543	30894	33180	36144	38893
1377	3738	6336	8822	11057	13262	16122	18814	21292	23408	26263	28545	30920	33185	36165	38916
1391	3757	6337	8875	11058	13275	16125	18815	21302	23426	26297	28550	30936	33220	36218	38920
1416	3782	6358	8897	11111	13316	16128	18816	21327	23439	26317	28564	30939	33221	36221	38950
1469	3783	6437	8910	11118	13318	16141	18817	21362	23445	26340	28572	30945	33262	36253	38953
1492	3793	6438	8931	11150	13346	16156	18836	21366	23448	26343	28573	30963	33282	36290	38970
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1654	3813	6541	8944	11170	13395	16197	18864	21376	23474	26368	28625	30997	33317	36332	39041
1690	3817	6547	8945	11207	13403	16203	18869	21382	23502	26437	28638	31007	33347	36345	39069
1721	3822	6579	8986	11224	13413	16211	18890	21399	23522	26464	28686	31009	33350	36368	39080
1743	3853	6582	9004	11232	13414	16213	18914	21404	23613	26501	28769	31034	33352	36382	39105
1803	3899	6598	9012	11245	13430	16219	18970	21420	23626	26549	28777	31035	33353	36408	39111
1823	3900	6613	9020	11251	13438	16220	18984	21451	23665	26552	28798	31070	33385	36431	39123
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1846	3956	6650	9084	11273	13477	16248	19048	21473	23712	26587	28808	31113	33409	36435	39141
1876	3958	6657	9085	11310	13503	16252	19051	21475	23803	26614	28822	31119	33434	36485	39187
1890	4002	6682	9113	11316	13520	16284	19057	21476	23811	26633	28828	31120	33446	36590	39233
1895	4007	6766	9114	11317	13522	16285	19072	21495	23821	26638	28866	31135	33464	36653	39244
1899	4017	6774	9129	11325	13578	16290	19079	21531	23825	26648	28869	31168	33538	36677	39309
1933	4033	6775	9149	11366	13579	16295	19086	21548	23885	26653	28889	31170	33545	36703	39364
1941	4056	6810	9176	11380	13611	16296	19140	21558	23892	26663	28913	31185	33556	36706	39365
1956	4057	6819	9247	11404	13621	16339	19141	21630	23894	26682	28916	31216	33569	36765	39370
1994	4081	6839	9250	11422	13639	16399	19155	21643	23902	26689	28964	31226	33573	36767	39382
2006	4104	6864	9278	11425	13641	16407	19157	21701	23981	26698	29014	31241	33609	36776	39384
2013	4105	6865	9299	11435	13662	16414	19158	21713	23986	26716	29037	31250	33614	36783	39389
2014	4114	6879	9301	11437	13678	16429	19165	21715	23998	26742	29039	31262	33615	36797	39393
2027	4133	6886	9314	11443	13713	16436	19179	21764	24017	26769	29054	31286	33635	36803	39394
2036	4149	6901	9338	11452	13739	16440	19190	21777	24028	26773	29060	31340	33737	36806	39399
2051	4195	6935	9370	11480	13746	16466	19191	21789	24030	26785	29091	31357	33770	36816	39403
2062	4198	6945	9407	11482	13766	16501	19210	21826	24063	26787	29100	31373	33781	36851	39423
2064	4206	6949	9413	11488	13780	16543	19225	21831	24071	26800	29132	31377	33812	36862	39424
2088	4225	6955	9417	11491	13785	16612	19228	21962	24073	26808	29145	31380	33817	36872	39484
2119	4231	6966	9438	11576	13794	16624	19237	22009	24102	26830	29157	31385	33821	36875	39563
2121	4286	6970	9479	11582	13806	16674	19258	22043	24137	26831	29160	31401	33830	36878	39581
2139	4297	6993	9495	11609	13835	16776	19295	22066	24174	26832	29227	31402	33852	36960	39600
2178	4331	7003	9509	11619	13845	16840	19314	22111	24200	26841	29236	31411	33880	36986	39603
2180	4337	7026	9528	11621	13847	16859	19315	22112	24204	26842	29241	31418	33906	36995	39632
2195	4341	7043	9539	11623	13924	16865	19316	22117	24208	26845	29271	31422	33943	37000	39651
2292	4342	7045	9574	11650	13932	16892	19341	22132	24225	26848	29281	31451	33956	37012	39663
2300	4353	7051	9584	11651	13963	16928	19356	22136	24235	26850	29302	31469	33960	37015	39673
2319	4368	7067	9587	11652	13970	16981	19361	22158	24237	26853	29335	31472	34031	37096	39680
2330	4371	7115	9598	11656	14020	16994	19374	22159	24260	26857	29370	31477	34039	37107	39699
2341	4400	7151	9627	11664	14023	17012	19389	22160	24266	26879	29375	31481	34043	37115	39721
2381	4434	7180	9652	11676	14057	17017	19392	22165	24272	26890	29390	31483	34063	37169	39753
2399	4452	7191	9678	11687	14060	17029	19762	22167	24273	26939	29408	31486	34072	37181	39758
2405	4513	7240	9679	11715	14121	17035	19791	22190	24283	26945	29411	31512	34114	37194	39812
2406	4516	7259	9704	11719	14140	17040	19807	22191	24291	26978	29452	31589	34122	37196	39813
2420	4557	7319	9711	11722	14224	17064	19818	22196	24301	26987	29456	31606	34138	37202	39822
2443	4571	7332	9712	11727	14226	17081	19841	22228	24314	27000	29488	31632	34151	37203	39847
2458	4578	7343	9722	11728	14232	17088	19851	22248	24378	27009	29489	31633	34156	37212	39885
2480	4633	7357	9729	11743	14270	17096	19900	22280	24380	27017	29494	31648	34236	37214	39889
2489	4718	7376	9736	11744	14320	17124	19908	22282	24385	27020	29496	31667	34261	37219	39895
2494	4741	7381	9752	11753	14345	17168	19929	22300	24391	27046	29520	31672	34262	37224	39908
2496	4747	7389	9767	11806	14423	17193	19930	22308	24441	27107	29538	31680	34277	37246	39931
2502	4751	7433	9773	11852	14460	17354	19933	22313	24504	27108	29578	31698	34301	37262	39956
2518	4816	7439	9774	11857	14535	17355	19944	22324	24524	27172	29595	31744	34305	37274	39978
2520	4823	7465	9785	11870	14568	17370	20042	22337	24567	27177	29596	31748	34315	37297	39989

The Debentures specified above are to be redeemed for Sinking Fund (a) at the W.C.G.-Agency Services Department of the Fiscal Agent, 111 Wall St., Bond Window—2nd Floor, in the Borough of Manhattan, The City of New York or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in London (Citibank House); Citibank (Luxembourg) S.A.; Credito Italiano, Milan; Dresdner Bank Aktiengesellschaft, Frankfurt/Main; Pierson, Heldring & Pierson, Amsterdam; Swiss Bank Corporation, Basle; Credit Suisse, Zurich and Societe Generale de Banque S.A., Brussels. Payment at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by transfer to a United States dollar account maintained by the payee with a bank in New York City on July 1, 1979, the date on which they shall become due and payable, UPON PRESENTATION AND SURRENDER THEREOF, at the redemption price of 100 per cent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after said redemption date, interest on said Debentures will cease to accrue.

The Debentures should be presented at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date.

Coupons due July 1, 1979 should be detached and presented for payment in the usual manner.

For MASSEY-FERGUSON NEDERLAND N.V.

By CITIBANK, N.A.
Fiscal Agent

May 29, 1979

MINING NEWS

Geevor seeks cash for fresh expansion

BY PAUL CHEESERIGHT

GEEVOR TIN MINES, one of the two remaining Cornish producers of any scale, yesterday declared the maximum possible dividend for 1978-78 under present regulations, on the back of static profits, and announced a one-for-five rights issue at 100p a share.

The dividend of 2.893563p net is a second interim and brings the total for the year to March to 5.573563p against payments of 5.035p in 1977-78. The company would have liked to bring total payments for 1978-79 to 8.71p and if restrictions are lifted will recommend a further payment after July 31 of 3.14p.

The rights issue seeks to raise £495,360 and is part of the financing for a new expansion plan. The offer price of 100p compares with yesterday's market price of 145p, indicating a right value of 7½p per share.

The funds raised from shareholders will be used in a £2m investment plan to extend ore treatment facilities at the Land's End mine. A further £1.177m of funding has been raised through a Department of Industry interest relief grant and a loan from the European Investment Bank. The balance of £327,640 will come from Geevor's own ample cash resources.

The figures for the year to last March show that £650,000 was placed in the company's general reserves. In 1977-78, £692,865 went to the reserves.

After tax profits were £820,942 compared with £763,473 in 1977-1978, although turnover was sharply higher at £4.299m against £3.45m. But the depreciation charge rose to £268,663 from £187,611 and pre-tax profits were £1.02m compared with £1.069m in the year to March, 1978.

● comment

Geevor is entering a new phase of expansion at a time when costs have come under increasing pressure. Although tin output was much the same last year as the year before, the benefits of higher prices were cancelled out by climbing wage and material costs. The higher provision for depreciation reflects the phase of expansion just finished, when a sub-incline shaft was sunk from existing workings.

This new shaft puts the company in touch with a new orebody. Once this is exploited, and the working of waste dumps adjacent to the mine is under way, then existing ore treatment facilities will be inadequate. Geevor, in short, is switching the focus of its expansion from underground to overground.

The terms of the rights issue provide a generous discount to the market price and this probably owes somethhing to the company's inability to pay the level of dividends it feels is justified by the latest results. Total payments for the year are covered 5.9 times by earnings per share of 33.15p. At 145p the shares offer a yield of 5.7 per cent and, if Geevor could recommend that extra 3.14p, the yield would be 8.96 per cent.

Pengkalen's good output

ANOTHER HIGH monthly production of tin concentrates is reported by the small single-dredge producer, Pengkalen. The May output of 30¾ tonnes matches that of April—which was the best since July 1976—and makes an 8-month total of 101¼ tonnes compared with 69½ tonnes a year ago.

Among other May production figures from the Malaysian mines, that of Gopeng brings the 8-month total to 1,282¼ tonnes against 1,122 tonnes. Idris has produced 114¼ tonnes in the past five months against 84 tonnes while Tanjong's figures for the same period are 70½ tonnes against 87½ tonnes.

	May Tonnes	April Tonnes	March Tonnes
Gopeng	154¾	157¾	162
Tanjong	18	11½	13¾
Idris	23¾	24¾	24¼
Pengkalen	30¾	30¾	12¾

Mid-East buys into Metals Ex.

AUSTRALIA'S **Metals Exploration**, best known for its partnership with **Freeport Sulphur** of the U.S. in the struggling Greenvale nickel-cobalt operation in Queensland, has gained a new major shareholder, reports James Forth from Sydney.

The local mineral exploration company, **Mid-East Minerals**, has bought out several large shareholders to give it a 22.47 per cent interest in Metals Exploration.

Mid-East intends to buy further shares "from time to time" to lift its holding to about 30 per cent, according to the Mid-East chairman, Mr. D. M. Nicholas.

If Mid-East is successful it will become the largest shareholder, ahead of Freeport which currently owns 25 per cent of the capital. The Mid-East purchase follows a "warehousing" operation in Metals Exploration, which had been carried out over the past two months.

Last week two companies, **FAI Insurances** and **Consolidated Press Holdings**, announced they were not the beneficial owners of large parcels of shares in Metals Exploration registered in their names.

Both companies had been buying on behalf of an unnamed party. Mid-East picked up its holding when it was approached by a sharebroker to buy the shares held by FAI and Consolidated Press along with another parcel.

Mr. Nicholas said Mid-East had been looking for an investment and it was believed that Metals Exploration had a good future, despite the financial problems at Greenvale.

"We wanted to make an investment in a 'spec' company, but one that was producing," Mr. Nicholas said. In London yesterday, Metals Exploration shares fell 8½p to 63p; last week they rose 11½p to 71½p.

Lower income for Tanks

AFTER HAVING held 1978 half-year earnings steady at £1.11m, **Tanks Consolidated Investments** reports lower profits for the full year of a pre-tax £3.74m against £4.41m in 1977. Earnings per share come out at 12.86p against 16.27p, but the dividend rate is maintained with a final of 6p to make 10p.

The main adverse factors in the latest period have been a reduced dividend from the 17.6 per cent holding in **Union Miniere** and a reduction in other income which was boosted in the previous year by a sale of part of the stake in the Ashton diamond exploration venture in Western Australia. In the past year, however, there has been an extraordinary gain on the disposal of investments which are regarded as fixed assets.

As far as the current year is concerned, no great change in the present income sources seems likely. The spice is contained in the diamond and oil exploration interests. Meanwhile, the shares at 184p offer a yield of 5.5 per cent.

ROUND-UP

T copper mining project in the Philippines, costing about £36m, is to be provided as a complete package by a consortium of three Finnish companies, **Outokumpu Oy, Kone Oy** and **Rauma-Repola Oy** together with the Philippine corporation, **DM Consunji**. In addition to the mine and concentrating plant, the turnkey project includes the construction of a mining community and services. The mine, which will initially be an open-cast operation extracting some 8m tonnes of ore per day, will be in the south-eastern part of the island of Mindanao.

* * *

Dowa Mining is to build a new lead refinery at Kosaka in Northern Japan, it was announced in Tokyo. The monthly production capacity will be 2,000 tonnes. The plan reflects the recovery of the domestic lead market. The cost will be Y1.5bn (£3.28m).

* * *

South Roodepoort Main Reef Areas, the ageing South African gold mine receiving state assistance, yesterday declared a final dividend of 10 cents (5.69p) for the year to June. With a special dividend paid earlier in the year this brings the total for 1978-79 to 70 cents. There were no payments in 1977-78 and the new board warns that high dividends must not be expected in the foreseeable future.

* * *

Fluor Mining and Metals, a unit of **Fluor Corporation**, the large U.S. engineering and project management group, is setting up a geology and mining engineering division, based in Tucson, Arizona. The aim of the office is to increase the provision of services to the mining and metallurgical industries of the south western states.

* * *

Steep Rock Iron Mines, which is phasing out mining activities in Atikokan, Ontario, is planning to diversify into industrial minerals. Latest figures show that Steep Rock had C$41.2m (£16.8m) of working capital at the end of the first quarter. It has two other iron ore properties which could be developed within the next few years. First quarter net profits were down to 6.0 cents (2.45p) a share from 18 cents in the 1978 first quarter.

MINING BRIEFS

KILLINGHALL: Tin—Output for May: 51 tonnes (April: 40 tonnes).
PETALING Tin—Tin-ore output for May: 56½ tonnes (April: 121½ tonnes).

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS AND SPECIAL DEPOSITS

I—Banks

	May 16, 1979 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	27,411	+632
Scottish clearing banks	2,974	+ 19
Northern Ireland banks	937	+ 2
Accepting houses	2,103	+ 70
Other	7,209	+ 51
Overseas banks		
American banks	4,149	+ 22
Japanese banks	348	+ 1
Other overseas banks	3,017	+ 88
Consortium banks	261	— 6
Total eligible liabilities*	48,407	+900
Reserve assets		
UK banks		
London clearing banks	3,627	+ 33
Scottish clearing banks	389	+ 2
Northern Ireland banks	131	— 8
Accepting houses	292	— 2
Other	964	— 11
Overseas banks		
American banks	559	— 4
Japanese banks	50	— 5
Other overseas banks	465	+ 27
Consortium banks	54	+ 2
Total reserve assets	6,532	+ 78
Constitution of total reserve assets		
Balances with Bank of England	554	+282
Money at call:		
Discount market	3,230	—118
Other	209	— 31
UK, Northern Ireland Treasury Bills	934	—158
Other bills:		
Local authority	131	— 8
Commercial	868	+ 22
British Government stocks with one year or less to final maturity	606	+100
Other	—	—
Total reserve assets	6,532	+ 78
Ratios %		
UK banks		
London clearing banks	13.2	—
Scottish clearing banks	13.1	—
Northern Ireland banks	14.0	— 0.9
Accepting houses	13.9	— 0.6
Other	13.4	— 0.2
Overseas banks		
American banks	13.5	— 0.2
Japanese banks	14.4	— 1.5
Other overseas banks	15.4	+ 0.3
Consortium banks	20.7	+ 1.2
Combined ratio	13.5	— 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	44	—162
* —Finance houses		
Eligible liabilities	393	+ 34
Reserve assets	40.8	+ 2.1
Ratio (%)	10.4	+ 0.2

Special deposits at May 16 were £707m (up £707m) for banks and £8m (up £8m) for finance houses. * Interest-bearing eligible liabilities were £31,357m (up (£1,178m).

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.

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(Registered in England No. 377387)

Rights Issue of 1,986,114 7½ per cent Convertible Cumulative Redeemable Preference shares of £1 each.

The Council of The Stock Exchange has admitted the above shares to the Official List.

Full particulars relating to these shares are available in the Extel Statistical Services and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 26th June, 1979, from:—

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6th June, 1979

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Compter House
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Cheapside
London EC2V 7JB

Telephone: 01-606 3585
Telex: 8811224 UNKCCB G

London Representative: Fouiques de Quatrebarbes

THE LILLESHALL GROUP

Preliminary Announcement

Group Results—for the period ended 30th December, 1978

	1978 £'000	1977 £'000
Turnover	10,364	8,863
Trading Profit	576	409
Profit before Tax	273	130
Profit after Tax	280	150
Extraordinary Profit	12	36
Net Profit	292	186
Retained Surplus	242	140
Ordinary Dividends per share—Interim	0.833p	0.50p
Final	1.25p	1.25p
Earnings per 10p ordinary share	12.4p	6.5p

Subject to the confirmation of the shareholders at the Annual General Meeting to be held on 27th June, 1979 the final dividend will be payable on 28th June, 1979 to holders of ordinary stock registered on 14th June, 1979.

Overall trading during the year has resulted in a marked improvement in profit. The amounts set aside for deferred taxation at 31st December, 1977 should be sufficient in the foreseeable future and no further amounts have been set aside this year. The Group's land and buildings have been revalued at 1st April, 1978 at £1,485,214.

Profit from steel stockholding has increased but its level reflects the difficult conditions which have persisted.

Production from the steel rolling mill was improved but increased wages have kept profits low.

In the engineering division the year has been one of further consolidation and sales of fencing have increased.

Sir Charles Duke died on 14th November, 1978. Mr. Graham Price is resigning as Chief Executive on 27th June, 1979 but is remaining on the Board in a non-executive capacity. Mr. Jeff Richards was appointed a Director on 21st February, 1979 and will be appointed Group Managing Director on 27th June, 1979. Mr. David Graham-Wood was appointed a non-executive Director on 8th May, 1979.

There is still no sign of a general upturn in the demand for steel but the Group's consolidation programme is now showing results. All divisions could do better given stable trading conditions without industrial unrest and it is hoped that Government will allow of this.

Allan R. Pike, Chairman

THE LILLESHALL COMPANY LIMITED

ST. GEORGE'S, TELFORD, SALOP TF2 9BQ

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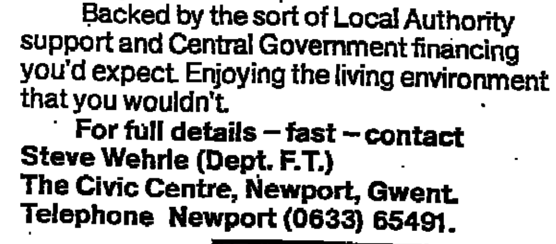


NEWPORT

The 10 minutes from anywhere town.

ondon Clearing Banks' balances

at May 16, 1979

TABLES below provide the first hly indication of the trends of bank ng and deposits, ahead of the more rehensive banking and money y figures published later by the of England. Tables 1, 2 and 3 prepared by the London clearing s. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

.E 1.
EGATE BALANCES

ILITIES	Total outstanding £m	£m	Change on month £m	£m
ng deposits:				
banking sector	5,907		− 72	
private sector	30,109		+130	
public sector	515		− 63	
rseas residents	2,905		+ 73	
tificates of deposit	1,917		− 13	
		41,352		+ 55
which: Sight		17,700		−151
Time (inc. CD's)		23,653		+206
gn currency deposits:				
banking sector	5,001		+227	
er UK residents	1,004		+ 36	
rseas residents	12,939		+490	
tificates of deposit	1,178		+ 23	
		20,122		+776
deposits		61,474		+831
liabilities*		10,085		−427
TOTAL LIABILITIES		71,559		+404
TS				
ng				
1 and balances with Bank of ngland		1,358		+ 72
ket loans:				
iscount market	2,219		−109	
K banks	7,165		−369	
rtificates of deposit	1,007		− 73	
ocal authorities	1,099		− 88	
her	383		+ 34	
		11,874		−605

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	459		−131	
Other bills	835		− 61	
		1,294		−191
Special deposits with Bank of England		413		+413
Investments:				
British Government stocks	2,119		+213	
Other	1,620		+ 4	
		3,739		+217
Advances:				
UK private sector	22,012		+472	
UK public sector	192		− 37	
Overseas residents	3,233		+ 25	
		25,437		+461
Other sterling assets*		6,291		−697
Foreign currencies				
Market loans:				
UK banks and discount market	4,284		+ 66	
Certificates of deposit	178		− 4	
Other	8,613		+525	
		13,075		+587
Bills		33		− 3
Advances:				
UK private sector	2,216		+ 43	
UK public sector	970		+ 15	
Overseas residents	3,595		+ 80	
		6,781		+138
Other foreign currency assets*		1,264		+ 12
TOTAL ASSETS		71,559		+404
Acceptances		424		− 2

* Includes items in suspense and in transit.

.E 2. INDIVIDUAL GROUPS BANKS' BALANCES	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LITIES												
1 deposits	61,474	+831	16,727	+334	11,502	+ 14	12,493	+127	18,904	+393	1,848	− 36
TS												
1 and balances with Bank of ngland	1,358	+ 72	362	− 59	194	− 11	345	+ 78	413	+ 67	44	− 3
ket loans:												
K banks and discount market	13,669	−412	3,111	+ 20	3,187	−314	1,935	− 29	5,124	− 75	311	− 14
her	11,280	+395	3,502	+100	2,904	+158	1,560	+ 34	3,034	+108	281	− 5
	1,327	−195	278	− 39	110	+ 3	455	−152	450	+ 14	34	− 20
ial deposits with Bank of gland	413	+413	140	+140	25	+ 25	100	+100	131	+131	17	+ 17
sh Government stocks	2,119	+213	549	+ 64	380	+ 64	534	+ 91	544	+ 8	112	− 14
nces	32,218	+598	9,219	+197	4,884	+129	7,477	+ 11	9,525	+227	1,113	+ 34

3. CREDIT CONTROL ORMATION (... banks only)	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
e liabilities	27,243	+639	8,474	+338	4,164	+179	6,418	− 39	7,206	+166	982	− 5
e assets	3,604	+ 79	1,099	+ 29	525	+ 13	830	− 35	1,027	+ 83	123	− 11
e ratio (%)	13.2	—	13.0	− 0.1	12.6	− 0.2	12.9	− 0.5	14.2	+ 0.8	12.6	− 1.1

De La Rue's Good Prospects

Growth expectations for 1978/79 not fulfilled mainly because of ten-week stoppage.

"We have suffered a temporary check of an exceptional nature in the planned progress of our profitability....... but the Board confidently expects the current financial year to produce strong growth throughout the Group with corresponding improvement in the profitability of all sections of the business."

Sir Arthur Norman, KBE, DFC., Chairman

ecurity

The results for the Security Divisions of the Company owed a decline of some £6,600,000 in profit before tax by mparison with the record figure achieved in 1977/78. his was due to two main factors: a ten-week stoppage by inters at the Gateshead factory of Thomas De La Rue, e lost production from which will be made up in the urrent year, and delays in the development and sales of sed banknote sorting and lottery systems at De La Rue rosfield. The overall outcome masks some very creditable rformances elsewhere, notably in Security Express and the security printing companies in Latin America.

rosfield Electronics

The past year has been one of further outstanding ogress in this Division. Turnover rose by 39% and profit efore tax was doubled. Crosfield Electronics is therefore now a major element in the Group's shape and a major factor in its performance. The order book at the start of the new financial year is in excellent condition. Expenditure on development will continue at a very high level, as is necessary in a high technology business. Crosfield Electronics' outstanding export performance earned the Division its fifth Queen's Award, to add to two previously earned for Export Achievement and two for Technical Innovation.

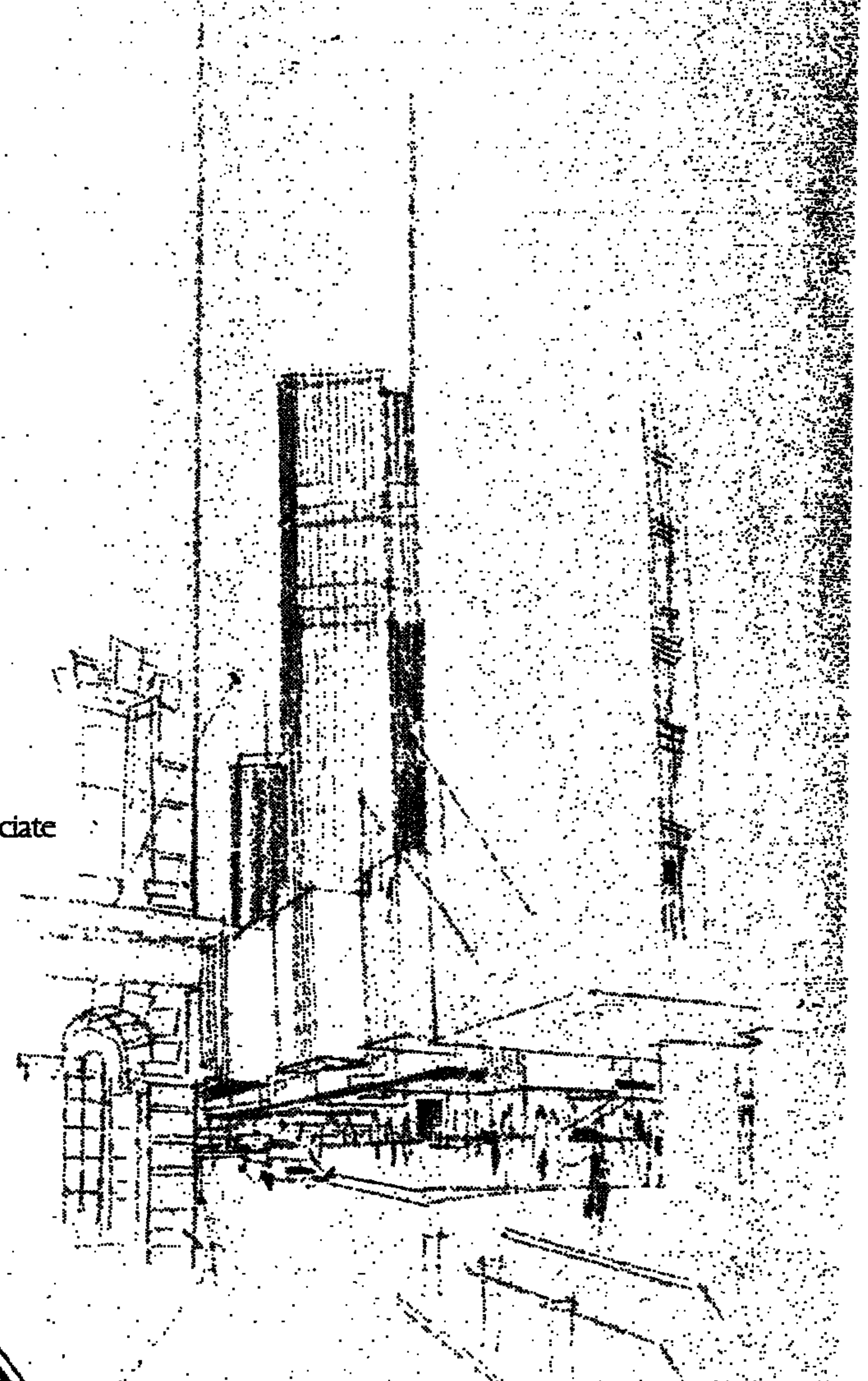
Associated Companies

Our associated company in Nigeria performed very efficiently and is investing heavily in new equipment to modernise and expand its capacity. De La Rue Giori SA in Switzerland traded more profitably than in the previous year, and the De La Rue share of the profits of its associated companies therefore came very near to the level attained two years ago.

Results for the year to 31st March 1979.

	1979 £000	1978 £000
Sales:		
UK	30,454	24,619
Export	80,724	68,369
Overseas	21,992	17,134
	133,170	110,122
Trading profit before interest payable	22,554	25,019
Interest payable	961	770
Trading profit	21,593	24,249
Percentage on Sales	16.2%	22.0%
Share of profits of associated companies	5,010	4,091
Profit before taxation	26,603	28,340
Taxation	6,545	8,379
Profit after taxation	20,058	19,961
Minority interests	500	356
Profit attributable to The De La Rue Company Limited, before extraordinary items	19,558	19,605
Extraordinary items	(400)	912
	19,158	20,517
Dividends	4,221	3,697
Retained earnings	14,937	16,820
Earnings per Ordinary share (before extraordinary items)	51.3p	54.5p

Proposed final dividend 7.147p net per share *(1978 – 6.497)*.



The Peugeot 604

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BIDS AND DEALS

View Forth in merger with Crescent unit trust

BY TIM DICKSON

Shares of View Forth Investment Trust rose 5p to 77p yesterday on news that the company is to be amalgamated with Crescent Reserve Fund, an authorised unit trust managed in Edinburgh by Crescent Unit Trust Managers and currently valued at about £10.4m.

Under the proposals, which have already been irrevocably accepted by holders of 52.1 per cent of the View capital, View Forth shareholders will receive units in Crescent Reserves pro rata to their present shareholdings.

Noble Grossart, View Forth's advisers, said last night that a merger was preferable to straight unitisation because of the size of the fund. View Forth's assets, which are worth around £2m, were considered too small for a separate unit trust.

Under the scheme of amalgamation View Forth will be put into liquidation and all outstanding liabilities paid off. The remaining assets will be transferred to Crescent Reserves.

These investments will be valued at the lowest available market dealing offer prices on August 3, the date the scheme will become effective if approved at an EGM on August 2. No deductions will be made for capital gains tax or stamp duty.

Crescent Reserves will then issue View Forth shareholders with units calculated on the basis of the total value of the scheme assets divided by the offer price of Crescent Reserves units on the day the scheme becomes effective.

Subject to certain tax clearances, no capital gains tax liabilities will be incurred by any parties. View Forth expects to pay closing dividends of approximately 3p per share.

The investment objective of Crescent Reserves is to provide unitholders with long term growth in capital and income through a balanced portfolio based on leading British ordinary shares.

HARDY/HARRIS

Shares of Hardy and Co. (Furnishers) were suspended yesterday at 147p. The A shares were suspended at 110p.

Talks are taking place which are likely to lead to Harris Queensway making a recommended offer in excess of their current revised offer. Arrangements would be made for the share element of the recommended offers to be underwritten and a loan note alternative for the cash element of the recommended offers would be provided.

Aurora hoping to hold talks with Edgar Allen

The board of Edgar Allen Balfour has discussed the offer from Aurora Holdings with its advisers, Hill Samuel, and stops short of rejection though it advises shareholders to take no action yet.

Mr. Robert Atkinson, chairman of Aurora, has invited Balfour's board to discussions and the invitation is likely to be accepted.

Balfour's statement issued yesterday suggests that the major items for discussion will be the proposed rationalisation already mentioned by Aurora.

The board points out that it has virtually completed its own rationalisation programme and now has every confidence in the future of the special steels division.

Another topic is the question of a reference to the Monopolies Commission. Particularly since the combined group could control 35 per cent of the high speed and 21 per cent of the tool steel markets.

SHARE STAKES

Unochrome International — As a result of purchases on May 29 and 30 of 150,000 shares, Camellia Investments holds 4,585,000.

H. Samuel — R. R. Edgar has sold 50,000 "A" ordinary shares at 239p cumulative dividend.

Inter-City Investment Group — Harris, the chairman, has slightly reduced his beneficial interest to 1,073,312 shares (11.5 per cent).

Furness Withy and Company — P. Shaw, director, has become interested in £3,000 ordinary stock in a non-beneficial capacity as executor of his wife's late grandfather's estate.

Wiggins Construct — Gee Walker and Slater has increased its stake from 10.18 per cent to 12.15 per cent.

Textured Jersey — H. E. Knobil, chairman, has sold 60,000 shares at 50p and S. E. Harrison, director, has bought 10,000 at 50p.

Crossfriars Trust — Equitable Life Assurance Society (and its subsidiaries) now hold 610,000 ordinary shares, in excess of 5 per cent.

Barker and Dobson Group — Electra Investment Trust is now interested in 3,345,000 ordinary shares, and Electra Finance Company in 100,000. Both these companies are subsidiaries of Globe Investment Trust, which is now interested in 3,445,000 (5.128 per cent).

Hampton Trust — Of 3,441,931 ordinary shares offered by way of rights, 3,068,213 have been taken up (approximately 89 per cent).

Fothergill and Harvey — The Britannic Assurance Company has purchased further 50,000 ordinary shares increasing holding to 750,000 (9.11 per cent).

Greenbank Industrial Holdings — J. E. Williams has disposed of 23,500 shares making holding 1,828,352 (7.35 per cent).

WM. SINCLAIR ACQUISITION

William Sinclair Holdings, whose shares are dealt in under rule 163 (2), is paying £818,000 for Dickson Brown and Tait, agricultural and horticultural seedsmen, based at Timperley (Cheshire) with a subsidiary in Scotland.

The acquisition will augment Sinclair's extensive interests in the seed trade operating under the name Sinclair McGill and provide a base in the north west of England.

DB and T made a pre-tax profit of £31,400 at the year ended June 30, 1978 on turnover of £933,000.

WIGHAM/SEASCOPE TALKS END

Talks between Wigham Poland, the Lloyd's of London insurance broking group in which Sir James Goldsmith's Anglo Continental company holds a controlling stake, and Seascope, another Lloyd's broker, which could have led to a merger have now been discontinued "by mutual agreement."

IRISH OIL SUSPENDED

Shares of Irish Oil and Cake Mills were suspended yesterday at the company's request pending an announcement.

IOCM extracts processes and distributes vegetable oils and fats, animal fats and marine oils. In October last year it was announced that Mr. D. Kinsella, who previously had the largest single stake, was no longer a shareholder and that Scotia Nominees Ireland had a holding of between 26 and 27 per cent.

CLIFFORD'S DAIRIES PURCHASE

Clifford's Dairies has purchased Richardson's Dairies of Bicester for £217,454, satisfied by the issue of 100,000 Clifford's "A" non-voting shares at 60p and £157,454 cash.

Richardson's has total fixed assets, revised to include the recent revaluation of its freehold premises, totalling £151,350.

ABERDEEN INVESTMENTS — Results for year to March 31, 1979, already reported. Investments £1.48m (£1.16m). Net current assets £107,949 (£39,737). Meeting, Aberdeen, June 26.

C. T. BOWRING

C. T. Bowring and Co. has issued 9,965 ordinary shares, being a further tranche of the consideration for the acquisition of Scholfields (Holdings).

Jackson Gp. down to £434,769

WITH LOSSES at a subsidiary, Jackson Group, the construction and industrial services concern, ended 1978 with pre-tax profits down from £504,374 to £434,769. Turnover stood at £10.76m, against £9.31m.

Mr. F. Jackson, chairman, says FJ Construction was unprofitable because of one particular building contract completed during the year, and under-employment in the second half owing to the unforeseeable loss of certain expected orders. These events are non-recurring and the order book is now good.

He says the underlying trend of continuing growth and improved profitability remains unaffected, and the group's objectives for the current year and 1980 hold good.

After tax of £7,537 (£618 credit), earnings per 10p share are shown down from 18.7p to 17p. The net total dividend is stepped up from 3.3p to 3.63p—the maximum permitted—with a 2.18p final. Dividends absorb £28,936 (£21,822), leaving retained profit lower at £395,293 (£428,918).

The group's shares are traded by M. J. H. Nightingale and Co.

Priest Marians little changed at 8 months

Pre-tax profits of Priest Marians Holdings were virtually unchanged at £17,000, against £17,500, in the eight months to December 31, 1978, on turnover up from £358,000 to £451,000. Realised profit on investments was higher at £10,600 compared with £5,700.

The directors say full year results are likely to be similar to the £50,700 last time. Profit before tax is expected to be around £52,000 including about £25,000 realised profits on investments, and the tax charge is unlikely to exceed £5,000. Last year's dividend was 5.494p net.

The cost of investments held at April 30, 1979, was £123,100 and their market value was £128,000.

The company is engaged in importing and factoring of giftware, and manufacture of domestic furnishing lighting.

Muirhead up to £0.9m midway

TAXABLE profits of Muirhead, manufacturer of electro-mechanical devices and communications equipment, rose from £852,000 to £931,000 in the half-year to March 31, 1979. Sales stood at £11.04m against £10.08m.

Profits were struck after depreciation which included a £25,000 freehold charge this time. Tax took £285,000 (£178,000)—SSAP 15 has been adopted and comparisons restated. Available profit came through lower at £639,000 compared with £674,000.

The net interim dividend is lifted from 2p to 2.2p—last year's total payment was 5.0757p on taxable profits of £2.14m.

The directors say the order book stands at a record level despite the fact that certain major orders which Muirhead Data Communications expected have not yet been received.

The results make no provision against an insured debt of £378,000 owing by Iran Facsimile Industries, an associated company in which the majority shareholder is an Iranian government department. A claim has been submitted to the insurers, the directors say.

No accounts have been received from the Iranian company since April 1978 and an estimate of the attributable portion of the trading loss has been included in the results this time.

During the half year a new factory in France became operational. Non-recurring revenue costs totalling some £50,000, including removal expenses and redundancy payments to staff who refused to move, have been accounted for in the results.

● comment

Muirhead's share price dropped 14p to 286p in the wake of its relatively flat first-half figures. The pre-tax result was up by 9.3 per cent but this is probably more than accounted for by the contribution from Hope Instruments which was acquired in June last year. Interest charges are rising as working capital builds up putting further pressure on profits. Order books are at record levels but there is some concern over certain orders from newspaper groups that are expected but not yet placed. Muirhead is rated as a growth stock and its share price enjoyed a run up to 303p earlier this year when investors decided to get a piece of the "high technology" action and bought into a number of second-line electricals. To maintain its status Muirhead needs to turn in a pre-tax figure around £2.6m for the full year. To do this it requires a 30 per cent second-half jump. The prospective p/e is demanding a 17 and a 3.3 per cent yield is an equal reflection of a glamour billing.

Atkins Bros. expands to £709,000

A STRONG second half lifted taxable profits of Atkins Brothers (Hosiery) from £631,742 to £708,835 in the year to March 31, 1979. Turnover rose from £10.26m to £11.15m.

At the halfway stage, the surplus was lower at £185,323 compared with £265,605.

The directors point out that the company received a temporary employment subsidy of £32,500 (£260,080).

Much of the increase in trading profit comes through increased efficiency made possible by a consistent policy of capital investment over recent years, the directors say.

Tax for the year took £350,912 (£324,838). The net final dividend of 2.727p per 25p share lifts the total from 3.673p to a maximum permitted 4.102p.

Principal activities of the group include the manufacture and distribution of ladies' tights, pantee hose and knitwear, men's underwear and knitwear, and children's underwear.

Sketchley jumps 35% to £4.9m at year-end

RECORD PROFITS and sales are reported by Sketchley, the industrial workwear, dry cleaning and textile finishing group, in the year to March 30, 1979. After a second half slowdown taxable profits went ahead from £3.66m to £4.94m on sales nearly 22 per cent up at £40.97m.

At midway pre-tax profits were up from £1.3m to £2.79m.

In the current year sales of all divisions for April and May are ahead of the comparable period last year, and the directors are looking for a further progress.

As a result of the £2.2m rights issue last July the group operated with a cash surplus for most of the second half and net interest charges fell from £269,000 to £49,000.

The directors add that the company is carrying out a significant capital spending programme and borrowings are now rising to plan. Adequate short- and medium-term facilities are available to meet finance requirements.

Trading profit for the year advanced by 29.9 per cent to £5.1m. All divisions contributed to the group's increased profitability.

The pre-tax surplus is struck after a £122,000 exceptional debit. This non-recurring item relates to the undepreciated value of capital spending in previous years which has been written off after a complete physical verification of fixed assets during the year.

Tax for the period, which has not been adjusted for SSAP 15, is up from £1.98m to £2.61m, leaving the net surplus ahead from £1.69m to £2.32m. Stated earnings per 25p share have risen more than 23 per cent from an adjusted 12.9p to 15.9.

The attributable profit is up from £1.84m to £2.27m and after dividend payments the retained figure comes out £204,000 ahead at £1.44m.

The net final dividend of 3.294p lifts the total from 4.6898p to 5.494p.

If SSAP 15 were adopted the tax charge would fall to £1.26m (£291,000). Earnings per share would be 25.2p, compared with an adjusted 25.9 per cent.

● comment

There are no surprises in Sketchley's full-year results. Profits are 35 per cent higher with the second-half slowdown reflecting increased revenue expenditure of roughly £200,000 on the new Basingstoke workwear processing factory, setting up the new safety wear business and the preparatory expenses for the huge cleaning contract with the National Coal Board. All divisions performed well with the textile side taking full advantage of the buoyant trading conditions after its reorganisation. For the first time in many years there has been a volume improvement in dry cleaning while industrial linen hire continues to grow. In the current year most of the company's energy will be directed towards the NCB contract, which will add £4.5m a year to sales from next March. At least £6.5m is being spent on the purchase of overalls and other clothing—a sum which will put the company back into a borrowing position after last June's £2.2m rights. At 207p the shares are on a p/e of 12.8 while the yield is 4 per cent—a rating which already anticipates further growth.

BOARD MEETINGS

TODAY

Interims: Bulfontein Gold Mining, Burco Dean, Carr's Milling, Comol Radiovision, McCorquodale, Sterling Trust, Stilfontein Gold Mining, Thomas W. Ward.

Finals: Armitage Shanks, Century Oils, Clydesdale (Transvaal) Collieries, Eva Industries, Hickams, Edward Jones (Contractors), Mountview Estates, Pentler-Hattersley, Sentrust, Sepeti, Trans-Natal Coal, West Rand Consolidated Mines.

FUTURE DATES

Finals—

Ariel Industries	June 11
British Steam Specialties	June 21
Brown Shipley	June 14
Buckley's Brewery	June 7
Chamberlain Phipps	June 18
Continuous Stationery	June 13
Country Gentlemen's Assocn.	June 25
GEI International	June 13
Giltspur	June 26
Hambros	June 18
Leigh Interests	June 7
Scapa	June 2?
Shaw and Marvin	June 13
Triplex Foundries	June 20
Wedgwood	June 13
Woodhead (Jonas)	June 15

46% rise for Dublin Bank

A NEAR 46 per cent profits increase is announced by City of Dublin Bank. The pre-tax surplus went ahead from £289,000 to £421,000 in the half-year to March 31 1979. Last year's total was £742,000.

But Mr. Thomas Kenny, the chairman, points out that the postal dispute delayed the receipts of monies and this affected profits. However the surplus was ahead of budget.

The interim dividend is lifted from 1p gross to 1.25p and stated earnings are from 2.25p to 2.62p.

Mr. Kenny adds that all subsidiaries traded at a profit. He says there is a steady demand for credit but all requests cannot be met because of lending restrictions imposed by the Central Bank. Interest rates, he says, are unacceptably high.

Tax for the period takes £185,000 (£127,000) leaving £236,000, against £162,000. But this time there is £149,000 from the sale of Credit Finance shares which lifts the surplus from £162,000 to £385,000. After dividends totalling £79,000 (£50,000) retained earnings are well ahead from £112,000 to £306,000.

Net current assets are shown to have advanced from £24.8m to £37.4m.

HENLYS

Henlys has bought properties in Exeter from Burrows Garage. The Renault franchise, the first granted to the group, will continue to be operated from the premises under the name of Henlys (West).

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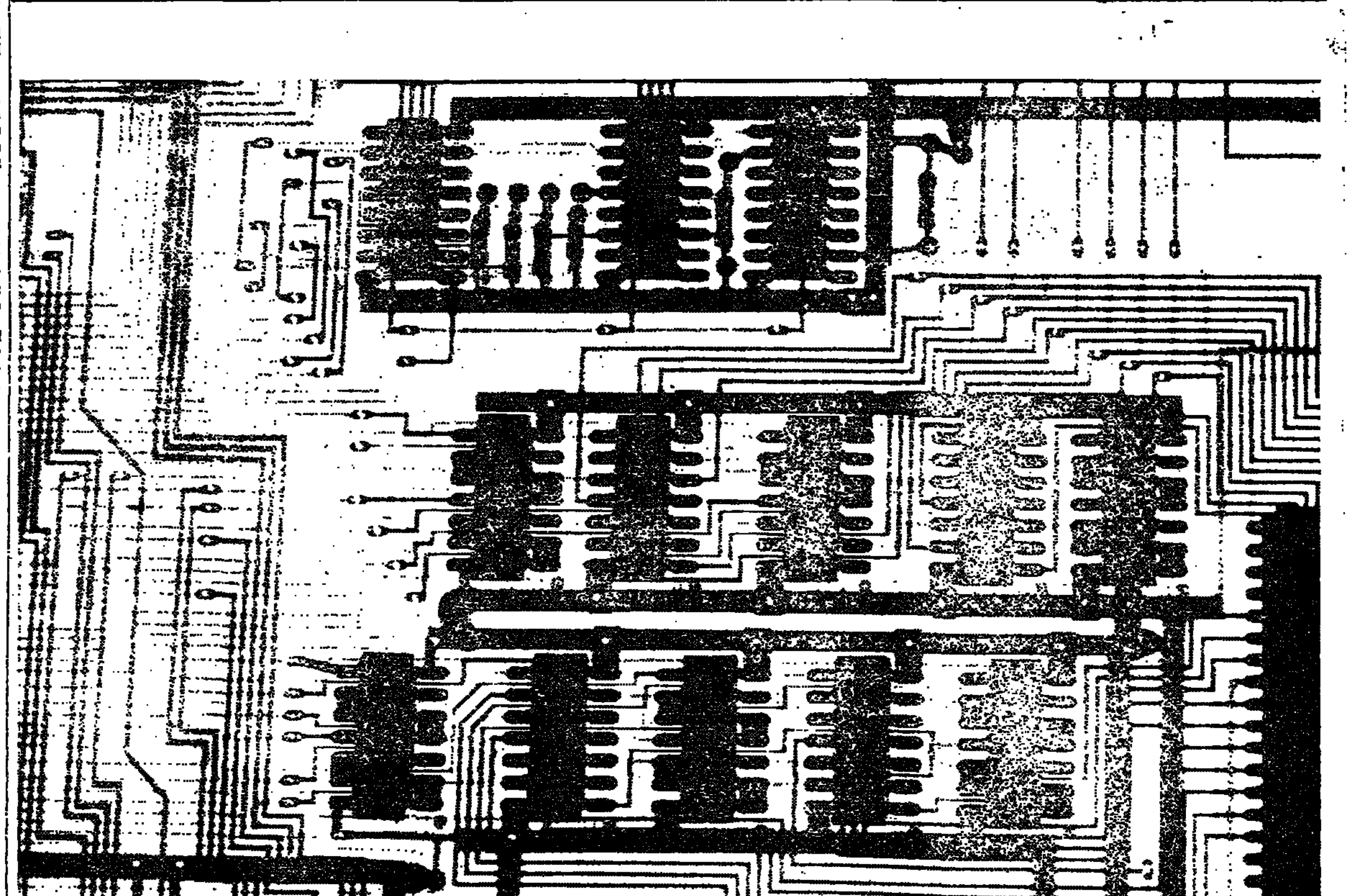

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REUTERS
World markets as they move

NORTH AMERICAN NEWS

Du Pont withdraws from dye business

WILMINGTON — Du Pont plans to withdraw from the dye business by the mid-1980s and to stop production and sale of isocyanate products in the U.S. as both businesses have become unprofitable.

The company said it as a result it will take a charge of $35m or 24 cents per share against second quarter earnings to cover the dye business withdrawal. The isocyanates action will have no significant impact on 1979 net, Du Pont said.

Du Pont said it has been losing money on dyes for five years "and recent studies offered no promise of turning the business around." The isocyanates business has been unprofitable in eight of the last 10 years.

Du Pont is seeking buyers for the dyes business. It makes dyes at Manati, Puerto Rico, and dyes and isocyanates at Deepwater, New Jersey.

It will continue to operate its profitable Mexican dyes business, Colorquim SA de CV. It is in talks on licensing patents and technology on undistilled toluene disocyanates and aliphatic isocyanates.

It expects it will have to terminate about 200 to 250 employees at Deepwater and 250 to 300 at Manati in 1980, as a result of the action.

Reuter

AMERICAN QUARTERLIES

FLUOR		
Second quarter	1979 $	1978 $
Revenue	843.9m	655.6m
Net profits	22.74m	13.04m
Net per share	1.36	0.77
Six months		
Revenue	1.61bn	1.28bn
Net profits	46.25m	31.66m
Net per share	2.77	1.87

IDEAL TOY		
First quarter	1979 $	1978 $
Revenue	25.7m	17.4m
Net profits	624,000	[illegible]
Net per share	0.17	0.01

IMASCO		
Fourth quarter	1979 C$	1978 C$
Revenue	—	—
Net profits	14.3m	10.7m
Net per share	1.41	1.10
Year		
Revenue	1.16bn	1.04bn
Net profits	56.4m	43.1m
Net per share	5.64	4.42

Dayco looks for boost from European earnings

BY TERRY BYLAND

MR. RICHARD J. JACOB, chairman and chief executive of Dayco Corporation, the manufacturer of rubber, plastic and chemical products, and in particular of V belts for the motor vehicle industry, said yesterday that the group hopes to turn in net earnings of around $22m in 1979 on sales of some $750m. In 1978, Dayco earned $17.3m on sales of $653m.

Mr. Jacob, and other members of the Board were in London to announce further investments in the UK, involving expenditure of about $2m on top of the $6m already represented in the UK by subsidiaries in Dundee and Stockport.

Dayco is setting up a UK distribution centre for its power transmission and automotive division and a distribution centre for its Cadillac plastics operation in Warrington New Town.

In addition, a decision is to be made shortly on the possible transfer of Dayco's European headquarters from Paris to the UK.

At present, the UK contributes about 5 per cent to group sales and to earnings, with Europe turning in some 10 per cent of both totals. But Mr. Robert Christian, vice-president Europe, said that the UK offers Dayco a convenient base not only for manufacturing operations but also for exporting both inside and outside the EEC. In particular, he indicated opportunities in the Middle East markets.

Mr. Christian saw considerable opportunities for increasing turnover in the European division. Sales at present total around $60m, incorporating both UK and Continental Europe. But the group aims to increase this figure to around $150m within the next five years.

At present, transportation products provide some 29 per cent of both sales and profits of Dayco Corporation. The group supplies numerous engineering and insulating components to the motor industry.

Grumman sees improvement

BETHPAGE — Mr. John C. Bierwirth, chairman of Grumman Corporation, predicts that the company's poor first quarter results were a "low point" which will not be indicative of the year. "The second quarter will be better than the first, the third better than the second and we have a reasonable shot at a better year this year than last," he said.

The company has invested heavily in several new commercial product programmes and "these programmes have got to begin coming through in the near future."

Grumman reported earnings of $1m or 12 cents a share for its 1979 first quarter, on sales of $328.8m, compared with $5.9m or 64 cents a share on sales of $380.7m.

In 1978, earnings dropped to $20m or $2.43 a share on sales of $1.47bn, from $32.4m or $4.04 a share on sales of $1.41bn in 1977.

Mr. Bierwirth attributed the poor showing to the loss of Iran as a customer for its F-14 fighter planes and start-up costs associated with new commercial products.

Grumman delivered 20 F-14 fighter planes to Iran in 1978, the last of 80 such jets ordered by that nation. There are no international customers available who could make up for the business that was provided by Iran, said Mr. Bierwirth.

After 1982, Aerospace commentators note, there will be no customers for the F-14 when the last of the 521 aircraft originally scheduled by the U.S. Navy will be delivered.

Reuter

Reliance heads for record profit

NEW YORK — The chairman of the Reliance Group, Mr. Saul P. Steinberg told the annual meeting that earnings and revenue for 1979 will top 1978's operating income of $8.49 a share earned on revenues of $1.24bn.

He said that shareholders' equity should be over $350m for the first time, compared with $288.5m reported in 1978.

Mr. Steinberg said that the company is "well into the underwriting down cycle" of its insurance operations and underwriting will be adversely affected by inflation and increased competition.

However, he said net investment income increasing at a high enough rate to compensate for the lower returns on the company's underwriting business.

Mr. Steinberg said that Reliance's title insurance operations will show only a slight improvement over 1978 because of a decrease in housing starts.

The company's CTI International subsidiary expects "moderate" improvement over last year's pre-tax operating income of $36.8m earned on revenues of $111.5m.

In answer to a shareholder's question Mr. Steinberg said that the company's maximum liability from the Three Mile Island nuclear accident is $2m.

Reuter

Optimism at Jewel retail group

CHICAGO—Jewel Companies, the Chicago supermarket operator raised earnings by 27 per cent to $9.10m in the first quarter and expects "good results for the balance of the year." Sales rose by 4.8 per cent in the first quarter and the company says that the second quarter shows a stronger sales trend.

Last year, share earnings increased from $2.32 to $3.59, and earnings of $3.90 have been projected for the current year by market analysts. The sales projection is for over $3.85bn, compared with $3.5bn last time.

The bulk of the group's earnings come from its supermarket operations, and amount to some 69 per cent of present merchandising contributing 21 per cent and other interests 10 per cent.

In the first quarter, total U.S. supermarket sales, including Jewel Food, Buttrey, Eisner and Star Markets, rose 5.4 per cent. The group's operating earnings were up slightly from a year ago, despite lower gross margins, particularly on meat sales.

Jewel said that its Osco Drug sales rose 18 per cent in the first quarter. However, OSCO's late 1978 sales programme had reduced margins and affected operating earnings, even in comparison to last year's results which were depressed by Turn-Style operations.

Total U.S. sales in the first quarter were $818.2m, up from $779.1m in the 1978 period, which included results of Turn-Style operations—sold last June.

Agencies

Hutton—Winkler

E. F. Hutton Group has agreed in principle to buy 97,000 shares or about 33 per cent of Winkler Scheid for 16 a share from Mr. Myron D. Winkler, the latter's chairman. Reuter reports from New York. Mr. Winkler, who will resign as board member, will retain about 16,000 shares.

INTERNATIONAL CAPITAL MARKETS

Kennecott and GMAC tap Eurodollar bond sector

BY FRANCIS GHILÈS

TWO NEW dollar denominated issues were announced yesterday, one for Kennecott International NV, the other for General Motors Acceptance Corporation.

The $100m seven-year bullet bond for Kennecott, guaranteed by the U.S. parent, Kennecott Copper Corporation, is being arranged by Morgan Stanley. This issue is fully underwritten by the managers, carries a coupon of 9½ per cent and will be priced at 99¼ to yield 9.60 per cent.

General Motors Acceptance, which is rated a triple-A corporation, is raising $100m in the form of a seven-year bullet bond. This issue carries a coupon of 9¼ per cent and has been priced at par. The issue has been fully underwritten and placed by Chemical Bank International, the lead manager, with Amsterdam Rotterdam Bank, Credit Suisse First Boston, UBS (Securities) and Westdeutsche Landesbank.

GMAC, which is a wholly-owned subsidiary of General Motors, provides financing for General Motors' dealers worldwide. It has decided to tap the Eurobond market because the latter is competitive with the U.S. bond market.

Redemption features of this issue include a premium of ½ per cent after three years, ¼ per cent after year four and par after the fifth year. Initial reaction to both issues was that the terms were tight but that the attraction for investors of U.S. corporate names should ensure a good reception.

In the secondary dollar bond market, dollar issues were off slightly for the second day running. Little fresh activity was reported by dealers despite the re-opening of financial centres in Europe after the holiday.

In the Deutsche-Mark sector, a DM 200m ten-year bullet issue for Sweden, with an indicated coupon of 7¾ per cent, was launched by Dresdner Bank last night. The issue is expected to be priced at 99¼. Prices of seasoned issues were a little easier in the secondary DM market.

Further confirmation of the rise in domestic German interest rates came with the terms of the new two-tranche bond issue for the Federal Republic. The ten-year tranche carries a coupon of 8 per cent and will yield 8.07 per cent. This is the first time in nearly two and a half years that a yield of over 8 per cent has been offered on a domestic German Government bond.

The yield on the Sweden issue, if it is priced at 99¼, would be 7.82 per cent. It would thus appear to be tight in the face of the new yield level achieved in the domestic market. But the name of the borrower is a prime one and foreign DM paper remains scarce as this issue may well turn out to be the only foreign DM issue on offer this month.

MEDIUM TERM FINANCE

Yugoslavia finds better terms

BY OUR EUROMARKETS STAFF

YUGOSLAVIA is scoring successes in re-arranging its Euromarket debt so as to improve borrowing terms, in spite of opposition in the international banking community.

A $300m 10-year credit now being arranged by Barclays Bank International for several Yugoslav State banks will be used to refinance past credits on better conditions.

The facility carries a spread of ⅞ per cent over interbank rates throughout, with a three-year grace period. The two loan co-managers are Societe Generale and Sanwa Bank.

The loan will be used primarily to extend the maturity of several existing credits. These latter facilities, obtained to support heavy industrial projects, generally had maturities of five to 5½ years.

The $300m deal will also be used to replace the commitments of certain banks which did not want to extend the maturities of their loans.

The opposition to Yugoslav pressure for the refinancing of past olans has been voiced forcefully in some Euromarket quarters, particularly among U.S. banks.

One concern is that a renegotiation of Yugoslav debt might open the doors for a wholescale refinancing of neighbouring East European states, many of which have built up substantial debts to Western banks.

Like most sovereign borrowers at the moment, Comecon states are continuing to improve the terms on which they obtain fresh Euromarket credits, and a simultaneous refinancing would badly affect the bank's profit levels on their East European loans.

A current illustration is that the East German foreign trade bank—Deutsche Aussenhandelsbank—is raising $200m in the medium-term market on its best terms yet. The credit will command a straight spread of ⅝ per cent throughout the seven-year life. Toronto Dominion Bank is organising a management group on the basis of eight banks underwriting $25m each.

All these securities having been sold, this announcement appears as a matter of record only.

New Issue

May, 1979

U.S. $100,000,000

Manufacturers Hanover Overseas Capital Corporation

Guaranteed Floating Rate Notes due 1994
Convertible Through May 1986 into 8% Guaranteed Debentures due 1994
Unconditionally Guaranteed by

Manufacturers Hanover Corporation

Manufacturers Hanover Limited

Banque Nationale de Paris — Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Abu Dhabi Investment Company — Alahli Bank of Kuwait (K.S.C.) — H. Albert de Bary & Co. N.V. — Algemene Bank Nederland N.V.
Allied Irish Investment Bank Limited — Al Saudi Banque — American Express Bank International Group — Amsterdam-Rotterdam Bank N.V. — Andelsbanken A/S Danebank
Arab African International Bank—Cairo — The Arab and Morgan Grenfell Finance Company Limited — Arnhold and S. Bleichroeder, Inc. — Banca Commerciale Italiana
Banca del Gottardo — B.S.I. Underwriters Limited — Banca Nazionale del Lavoro — Banco Central, S.A. — Banco di Roma
Bank of America International Limited — The Bank of Bermuda, Ltd. — The Bank of N.T. Butterfield & Son Limited — Bank für Gemeinwirtschaft AG
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Banque Bruxelles Lambert S.A. — Banque Française du Commerce Extérieur — Banque Internationale à Luxembourg S.A. — Banque de Paris et des Pays-Bas
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Baring Brothers & Co., Limited — Bayerische Landesbank Girozentrale — Bayerische Vereinsbank — Bear, Stearns & Co. — Bergen Bank
Berliner Handels-und Frankfurter Bank — Blyth Eastman Dillon & Co. International Limited — Cazenove & Co. — Chase Manhattan Limited
Christiania Bank og Kreditkasse — CIBC Limited — Commerzbank Aktiengesellschaft — Continental Illinois Limited — Copenhagen Handelsbank
County Bank Limited — Crédit Agricole (C.N.C.A.) — Creditanstalt-Bankverein — Crédit Commercial de France — Credito Italiano — Crédit Lyonnais
Dai-Ichi Kangyo Bank Nederland N.V. — Daiwa Europe N.V. — Den Danske Bank af 1871, Aktieselskab — Den norske Creditbank
Deutsche Girozentrale-Deutsche Kommunalbank — DG BANK Deutsche Genossenschaftsbank — The Development Bank of Singapore Limited
Dewaay & Associes International S.A. — Dillon, Read Overseas Corporation — Dominion Securities Limited — Donaldson, Lufkin & Jenrette Securities Corporation
Dresdner Bank Aktiengesellschaft — European Banking Company Limited — First Chicago Limited — Robert Fleming & Co. Limited
Fuji International Finance Limited — Genossenschaftliche Zentralbank AG, Vienna — Girozentrale und Bank der Oesterreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp. — Groupement des Banquiers Privés Genevois S.A. — Hambros Bank Limited — Hill Samuel & Co. Limited
IBJ International Limited — Interunion-Banque — Jardine Fleming & Company Limited — Kansallis-Osake-Pankki — Kidder, Peabody International Limited
Kleinwort, Benson Limited — Kredietbank N.V. — Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) — Kuwait International Investment Co. s.a.k.
Kuwait Investment Company (S.A.K.) — Lazard Brothers & Co., Limited — Lazard Frères et Cie. — Lloyds Bank International Limited — Manufacturers Hanover Asia, Limited
McLeod Young Weir International Limited — Merrill Lynch International & Co. — Mitsubishi Bank (Europe) S.A. — Mitsui Finance Europe Limited
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The Nikko (Luxembourg) S.A. — Nippon Credit International (HK) Ltd. — Nippon European Bank S.A. — Nomura Europe N.V. — Oesterreichische Länderbank A.G.
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N. M. Rothschild & Sons Limited — Rothschild Bank AG — Salomon Brothers International — Sanwa Bank (Underwriters) Limited
J. Henry Schroder Wagg & Co. Limited — Skandinaviska Enskilda Banken — Smith Barney, Harris Upham & Co. Incorporated
Société Bancaire Barclays (Suisse) S.A. — Societa' Finanziaria Assicurativa (RAS Group) — Société Générale — Société Générale de Banque S.A.
Sparbankernas Bank — Sparekassen SDS — State Bank of India — Sumitomo Finance International — Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited — Taiyo Kobe Finance Hong Kong Limited — Tokai Kyowa Morgan Grenfell Limited
Trade Development Bank, London Branch — Ueberseebank AG — Union Bank of Finland Ltd. — Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—(U.B.A.F.) — Vereins-und Westbank Aktiengesellschaft — J. Vontobel & Co. — S. G. Warburg & Co. Ltd.
Wardley Limited — Westdeutsche Landesbank Girozentrale — Williams, Glyn & Co. — Wood Gundy Limited — Yamaichi International (Nederland) N.V.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alex Howden XW 8½ 91	30	88¼	89¼	−3½	−3½	11.25
Avco O/S Cap. 10¾ 87	40	97¼	97¾	−0¼	−0¼	10.70
Bayer Int. F. XW 7¾ 89	200	84¼	85¼	−0¼	−3½	9.70
CECA 9¾ 84-99	50	95½	96	0	0	9.85
Canada 9 83	400	98¼	98¾	−0¼	−0¾	9.64
Canada 9¾ 98	350	96⅞	97½	−0¼	−0¾	9.81
Canadian Pacific 9¾ 89	50	98½	99	−0¼	−0¾	9.95
Comalco Inv. E. 10¾ 91	40	99¼	99⅞	−0¼	+0¼	10.30
Dow Chem. O/S 9¾ 94	200	98½	99	−0¼	−0¼	9.78
EIB 9¾ 98	125	93¾	94¼	+0¼	−0¼	10.06
EIB 9¾ 86	150	99½	100	−0¼	+0¼	9.90
EIB 9⅞ 99	100	99⅛	99⅝	−0¼	+0¼	10.16
Export Dv. Cpn. 9.85 84	150	100¼	101¼	−0¼	−1¾	9.84
Export Dv. Cpn. 9¾ 84	150	97½	98	−0¼	−0½	9.84
Eksportfinans 9 86	50	96¼	96¾	−0¼	−0¾	9.68
Finland 9½ 86	100	97¾	97⅞	−0¼	−0¾	9.98
GTE Fin. 9½ 84	50	98¼	98¾	−0¼	−0¾	9.89
Gould Int. Fin. 9¾ 85	50	99¾	100¼	0	−0¼	9.76
Hospital O/S 9 83	25	96⅞	97⅛	−0¼	−0¾	9.83
Hudson Bay Co. 10 94	50	101	101½	−0¼	0	9.82
Itel Finance 9¾ 90	30	92¾	93¼	−0¼	−0¾	10.84
Itel Finance 10½ 93	40	95¼	96¼	−0¼	−0¾	11.05
ITT Antilles 9½ 89	75	97½	98	−0¼	0	9.86
Manitoba 9½ 89	75	97½	98	−0¼	0	9.86
New Brunswick 9¾ 94	75	97¼	98¼	−0¼	−0¾	9.99
Newfoundland 10 94	50	100¾	101¼	−0¼	0	9.87
Norsk Hydro 9¾ 94	50	95½	96	+0¼	0	9.80
Norway 9¾ 84	150	100⅞	101¼	+0¼	−0¼	9.73
Norway 9¼ 84	150	98¾	99¼	−0¼	−0¼	9.79
Nova Scotia Pwr. 9¾ 89	50	98	98½	−0¼	−0¼	10.03
Occidental Fin. 10¼ 84	50	98⅞	99⅛	0	0	10.55
Portland 10 84	50	†97⅛	98¼	−0¼	−0¼	10.53
Quebec Hydro 10 99	75	96⅛	96¾	−0¼	−0¼	10.44
Redland Fin. XW 9¾ 91	25	†93	93¾	+0¼	+0¼	10.49
Sears Roebuck 9 82	150	98¼	98¾	0	−0¼	9.62
Stockholm 9¾ 94	50	99¾	100¼	−0¼	+0¼	10.00
Sweden 9½ 89	100	98⅞	99¼	−0¼	−0¼	9.89
Sweden 9½ 86	200	99	99½	0	+0¼	9.88
U.S. Leasing Intl. 10 84	20	97⅛	97⅞	−0¼	−0¼	10.64

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	91	91½	−0¼	+1¼	7.01
Argentina 6½ 88	150	90⅞	90⅞	+0¼	+0¼	7.94
Argentina 7½ 89	150	92⅞	94¼	−0¼	−0¾	8.39
Australia 6 89	250	92⅞	93¼	−0¼	+1¼	7.03
Austria 5¾ 90	150	86⅞	87¼	−0¼	+0¾	7.50
Banco Desarrollo 7¾ 86	100	95½	96	+0¼	+0¼	8.08
Barclays O'seas 6¾ 89	100	96¼	96¾	0	+0¼	7.25
Bq. Ext. Algeria 7¾ 85	100	94¾	95¼	−0¼	−0¾	8.30
Brazil 7½ 87	150	96	96½	0	+1	7.92
CECA 6 88	150	89	89½	−0½	−0¼	7.64
CECA 7 91	150	96½	96¾	−0¼	+0¾	7.47
Copenhagen City 6 90	75	86¼	86¾	−0¼	−0½	7.82
Council of Eur. 6¼ 88	130	91½	92	+0¼	+0¼	7.52
Council of Eur. 7¼ 89	100	97⅞	98¼	−0¼	+0¼	7.56
Denmark 5¾ 85	100	†94	94¾	+0¼	+1	6.98
Denmark 6½ 89	100	†93¾	94¼	−0¼	+0¼	7.36
EIB 6 90	300	86⅞	87	+0¼	−0¼	7.80
EIB 6¾ 91	200	91½	91¾	−0¼	+0¼	7.64
EIB 7½ 89	200	98	98½	—	—	7.76
Eletrobras-Brazil 7 87	100	94	94½	−0¼	+0¼	8.02
Eurofima 6¼ 89	100	95¼	95¾	−0¼	+0¼	7.08
Finland 6 83	150	98½	98¾	−0¼	+1	6.42
Indonesia 7 84	100	96⅜	96⅞	−0¼	+1¼	7.79
Mexel Fin. 7 89	150	†97½	98¼	−0¼	+0¼	7.31
Mitsubishi Chem. 6¾ 84	70	98¾	99¼	−0¼	+0¼	6.74
New Zealand 6¾ 87	200	95½	95⅞	0	+0¾	7.01
Nippon Kokan 6¾ 84	100	99¾	99¾	−0¼	+0½	6.74
Nippon Steel 5¾ 85	100	94⅞	95¼	−0¼	+0¾	6.73
Nippon Tel. & T. 5¾ 87	100	88⅞	89¼	0	+0¾	7.40
Nordic Inv. Bk. 6¾ 86	60	94¼	94¾	−0¼	−0¼	7.32
Norway 6¼ 84	200	99½	100	−0¾	0	6.30
Occidental 6¾ 90	150	94⅞	95¼	+2	+2¼	7.39
OKB 6 88	100	†97	97¼	+0¼	+0¼	6.88
OKS 6 87	40	†91½	92	−0¼	−1¼	7.44
Statoil 6 88	150	90½	91	−0¼	+0¼	7.41
Statoil 6½ 89	150	96¼	95¾	−0¼	+0¼	7.00
Tokyo Elec. Pwr. 6¾ 85	200	96¼	96¾	0	+0¼	7.27
UDS Group 5¾ 83	65	93¾	94¼	0	+0¼	7.40
Venezuela 6½ 90	150	93⅞	94¼	+5¼	+5¼	7.30
World Bank 6¾ 88	400	91½	91¾	−0¼	+0¼	7.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	92¼	93¼	−0¼	−0¼	4.15
Asian Dev. Bank 3½ 94	100	84	84¼	−0¼	−0¼	5.05
Austria 3½ 93	100	86½	86¾	−1	−1¼	4.80
Australia 3¾ 89	250	93¾	93¾	−0¼	−0¼	4.44
Brazil 4¼ 88	100	94⅞	95¼	0	+0¼	4.88
Canada 3¾ 89	300	93½	93⅞	−0¼	−0¼	4.46
Chase Manhattan 4 93	70	98⅞	98¾	−0¼	−0¼	4.15
Council of Eur. 4¾ 90	100	94¼	94⅞	−0¼	+1¼	4.85
Bankamerica 3¾ 93	80	93	93½	+0¼	0	4.40
BNDE 5 88	75	100½	100¾	−0¼	−0¼	4.96
Denmark 4½ 90	100	98½	98⅞	−2¼	−1¼	4.66
Euratom 4¾ 90	80	94¼	94½	+0¼	+1	4.80
F. L. Smidth 4½ 89	25	98½	98¾	+0¼	+0¼	4.67
Finland 4½ 93	80	96¾	97	−1¼	−1	4.81
Heron 4¾ 89	35	92	92½	−0¼	−3¼	5.30
ICI Fin. NV 3¾ 94	230	89¼	89½	−0¼	+0¼	4.50
Malaysia 4¾ 90	80	96	96¼	−0¼	+0¼	5.17
New Zealand 3½ 94	120	89	89¼	−0¼	0	4.63
OKB 3¾ 91	100	91½	91¾	−0¼	−0¼	4.89
Pfand Ost. Lands 4 90	60	93	93¼	−0¼	−0¼	4.83
Philippines 4¾ 89	50	95¼	96	−0¼	0	5.30
Sandvik 4 90	85	94¾	95¼	0	+1¼	4.57
Spain 4 91	100	92	92½	−1	−1¼	4.88
Vienna 4 93	100	90¼	91½	−0¼	−0¼	4.90
World Bank 4¼ 93	250	95¾	95⅞	0	+0¼	4.70

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86	87	−0¼	−0¼	7.85
Australia 5.6 83	30	92⅞	93¼	−0¼	−0¼	7.49
Australia 6½ 88	20	91¾	92¼	−0¼	−0¼	7.87
Finland 5.6 83	10	91¾	92¼	−0¼	−1¼	7.97
Finland 6.8 88	10	91⅞	92¼	0	−0¼	8.15

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†97	97½	0	−0¼	9.73
Avco Fin. 10¾ 86 C$	25	96⅞	97¾	−0¼	−0¼	10.85
Ex. Dev. Cpn. 10 84 C$	50	99¼	99⅞	0	0	10.09
Fst. Can. Inv. 10 84 C$	50	99	99½	−0¼	+0¼	10.19
Hudson Bay 10½ 89 C$	60	100¼	100¾	−0¼	−0¼	10.41
Quebec 10¾ 86 C$	50	98½	99	+0¼	+0¼	10.50
R. Bk. Canada 10 86 C$	40	99⅞	100¼	−0¼	0	9.97
R. Bk. Canada 10 94 C$	40	96¼	96⅞	−0¼	+0¼	10.45
Copenhagen 8¾ 91 EUA	25	*97⅛	98¼	+0¼	0	8.48
Komm. Inst. 7½ 93 EUA	15	†96	97	0	−0¼	7.91
Panama 8¼ 93 EUA	20	†95	96	−0¼	−0¼	8.81
SOFTE 8¾ 89 EUA	40	†96½	97½	+0¼	0	8.71
Algemene Bk. 6½ 83 Fl	75	94	94¾	−0¼	−0¼	7.96
CFE Mexico 7¾ 83 Fl	75	95¼	96	−1	−1¼	9.05
EIB 7¾ 85 Fl	75	92⅞	93¾	−0¼	−0¼	8.72
Ned. Middbk. 8¼ 84 Fl	75	99¾	100½	−0¼	−0¼	8.30
New Zealand 6¾ 84 Fl	75	91¾	92⅞	−0¼	−0¼	8.70
Norway 8¼ 84 Fl	100	97⅞	98¼	−0¼	−0¼	8.76
Elf Aquitaine 9¾ 88 FFr	150	97½	98	+0¼	+0¼	10.11
FIB 9¾ 88 FFr	200	97½	98	0	0	10.12
Euratom 9¾ 87 FFr	160	97⅞	98⅛	—	—	10.09
Norway 9¾ 84 FFr	200	97⅞	98¼	+0¼	−0¼	9.78
PSA Peugeot 9¾ 87 FFr	175	97¼	97¾	0	−0¼	10.22
Saint-Gobain 9¾ 86 FFr	130	97⅞	97⅞	−0¼	−0¼	10.24
Solvay et Cie 9¾ 87 FFr	125	97½	98⅛	0	−0¼	10.17
Total Oil 9¾ 87 FFr	150	95¾	96¼	0	−0¼	10.15
Unilever 10 85 FFr	100	99⅞	100¾	+0¼	+0¼	9.92
CECA 9¾ 89 £	20	91⅞	92½	−0¼	+0¼	10.97
Citicorp 10 93 £	20	90⅞	91½	−0¼	+0¼	11.27
EIB 9¾ 88 £	25	92¾	93¼	−0¼	+0¼	11.07
Finance for Ind. 13 91 £	15	103	103½	−0¼	+0¼	12.44
Gen. Elec. Co. 12¼ 89 £	50	100⅞	101¼	−0¼	−0¼	12.25
Euratom 8 87 LuxFr	500	†97⅛	98⅛	−0¼	−0¼	8.28
Norges Km. 8 86 LuxFr	500	†96	97	−0¼	−2	8.64
Oslo, City of 8 89 LuxFr	500	†97¼	98¼	0	−0¼	8.28
Solvay Fin. 8 85 LuxFr	500	†98	99	+0¼	0	8.29
Swedish Bk. 8 88 LuxFr	500	†97⅛	98¼	−0¼	−0¼	8.33

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Cp. M5.5 89	0¼	98⅞	99¼	12/7	12.4	12.51
Banco di Roma M6 87	0¼	98¼	98⅞	26/10	11.19	11.34
Bco. El Salvador M8 83	1¼	94⅞	95¼	12/10	12¼	12.86
Bco. Nac. Argent. 7 86	0¼	97¾	98¼	22/9	11½	11.73
Banco Urquijo 6 86	0¼	98	98½	21/9	11½	11.70
Bank of Tokyo M5¾ 93	0¼	98⅛	98⅞	18/10	11½	11.91
Bq. Ext. d'Alg. M7.5 85	0¾	95¼	95⅞	2/11	11⅞	12.43
Bq. Indo et Suez M5½	0¼	99⅝	100¼	25/7	12	12.02
BNP 5½ 91	0¼	98½	99	22/2	11½	11.52
Ch. Man. O/S M5¾ 93	0¼	99	99½	27/7	11.73	11.81
Citicorp O/S Fin. 6 94	0¼	99½	100	8/8	11.06	11.09
Gotabanken M6 88	0¼	98¼	98⅞	15/5	11½	11.66
Ind. Bk. Japan M5½ 85	0¼	99½	100¼	1/12	10.94	10.95
Jugobanka M8 89	0⅞	96⅞	97¼	23/11	11⅞	12.27
LTCB Japan M5¾ 85	0¼	99¾	99⅞	9/10	11¾	11.67
LTCB Japan M5½ 89	0¼	99¼	99¾	7/6	—	—
Mfrs. Han. O/S M5¼ 94	0¼	99⅝	99⅞	23/8	11.19	11.26
Midland Intl. M5¼ 93	0¼	98⅞	99¼	20/7	12¼	12.36
Nipp. Crdt. Bk. M5.5 85	0¼	99¼	99¾	22/6	12.81	12.88
OKB M5½ 88	0¼	99¼	99¾	18/10	11.44	11.49
Offshore Mining 86	0¼	99¼	99¾	19/7	12.19	12.26
Petro Mexicano M7 84	0¼	99	99½	24/7	12.06	12.15
Privredna Banka M7 86	0⅞	96	97	22/6	13.44	13.92
Sundsvallsbnkn. M6 85	0¼	98¼	98¾	4/10	11.06	11.25
Texas Int. Air. M7 86	0¾	97¾	97⅞	11/10	11½	11.62
TVO Pwr. M9 91 (D-L)	0¼	98½	98⅞	24/11	11¾	11.28
Utd. Overs's Bk. M6 89	0¼	97⅞	98¼	29/9	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	*121½	122¼	+0¼	−2.70
Boots 6¾ 93	2/79	2.16	98⅞	99¼	+0¼	−3.94
Ciba-Geigy O/S F. 4 94	9/78	675	†91½	92½	0	−17.50
Coca-Cola Bottling 6¾	4/79	9	89	90¼	+0¼	24.10
Esselte 7¾ 89	9/78	159	96	98¼	−0¼	7.16
Honda Motor 5½ 89	6/79	532	92	93	−0½	6.94
Ito-Yokado 5¾ 93	6/78	1329	102¾	103¼	0	2.26
Nitto Elec. Ind. 6 94	7/79	736	†90⅞	91¾	−2	7.49
Novo Industri. 7 89	4/79	269	87¾	89¼	+0¼	13.14
Texas Int. Air 7¾ 93	4/79	14.5	†89	90	−0¼	20.72
Thorn Int. Fin. 7 88	11/78	3.67	131⅞	132⅞	+0¼	−3.18
Asahi Optical 3½ DM	12/78	598	†91¼	92½	−0¼	8.80
Casio Co 3½ 85 DM	11/78	841	†82¼	83¼	−4	18.22
Fujitsu 5 84 DM	7/79	475	107½	108	+7¼	30.64
Jusco 3½ 86 DM	1/79	1154	†80¼	81¼	−0¼	24.96
Kansai Elec. 4 84 DM	4/79	1350	†86	87	−0¼	21.86
Konishiroku 3½ 85 DM	1/79	612	†83¼	84¼	−0¼	20.78
Marudai Food 3½ DM	2/79	1033	79¼	80¼	−2¼	31.58
Murata M. 3½ 86 DM	11/78	854	†84	85	−3	10.71
Nippon Ysn. 3½ 86 DM	1/79	251	†81¼	82	−3¼	−32.84
Nissan Diesl. 3½ 86 DM	2/79	677	†86¼	87¼	−1¼	4.28
Olymp. Opt. 3½ 86 DM	2/79	703	†89	89½	−1¼	0.28
Sharp Crp. 3½ 86 DM	2/79	687	90¼	91¼	−1¼	8.75
Stanley Elec. 3½ DM	11/78	623	†80¼	81¼	−1¼	45.12
Tokyo Elec. 3½ 87 DM	4/79	476	†90¼	90¾	−0¼	23.17
Tokyo Ld. Co. 4 86 DM	4/79	493	†85	86	−1	11.73
Trio-Knwd. 3½ 86 DM	11/78	711	80¼	80⅞	−0¼	26.82

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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RENAULT IN PORTUGAL

Injecting new life into a weak industry

BY JIMMY BURNS IN LISBON

RENAULT'S AGREEMENT with Portugal on a $400m expansion programme is likely to have a far-reaching impact on the country's weak and underdeveloped motor industry.

The French company's planned expenditure, announced last month after nearly three years of talks, will be the largest foreign investment since before the Portuguese revolution five years ago.

Renault has agreed to step up its car assembly, increasing its present capacity of 10,000 units per year to 80,000 by 1987. Total production increases will be staggered over eight years and will conform to Renault's market projections. The aim is to increase production to 13,000 this year and by an average of ... per cent per annum thereafter. By 1986, Renault will be assembling 39,000 units for the home market and 10,000 for export, with production increasing to 52,000 and 18,000 respectively within the subsequent two years.

Engine production will be stepped up to include the manufacture of 222,000 units by 1984, with 65 per cent of output destined for export. The project will include the building of a new components plant and the introduction of a new foundry using existing plant to implement the manufacture of engines and parts.

One assurance in the agreement is that local participation in manufacturing at the assembly plant will be increased from 20 to 60 per cent and that there will eventually be an 80 per cent content in local engine production.

Much as expected, the overall project is less ambitious than Renault's original draft plan drawn up in 1977. The company's sales and production projections have been revised downwards in line with the dramatic 40 per cent drop in Portuguese domestic car sales last year and the continuing economic restrictions imposed by the International Monetary Fund.

Nevertheless, the project as it now stands is still impressive when set alongside Renault's existing operation in Portugal and the state of the Portuguese motor industry as a whole.

Renault's Portuguese subsidiary, Industria Lusitana Renault, last year imported 7,140 completely knock-down (CKD) units and 27 completely built-up (CBU) units. Its 10,000 units assembled at its plant in Guarda by 400 workers took up 11 per cent of the domestic market. Other assembly plants were not so lucky. There are 20 assembly plants in Portugal, the majority of which are totally uncompetitive on a European scale and only survive because of continuing Government protection.

Portugal's lagging motor industry should be given a new lease of life by Renault's major investment plans. Their announcement coincides neatly with the drafting of new government legislation which will create a transitional period allowing the industry to restructure. But the proposed law reads like a carte blanche for the French company, and is being regarded as such by rival car makers

By the terms of the 1972 agreement between Portugal and the EEC, this protection is due to be lifted by the end of this year. Both the Portuguese Government and the European Commission in Brussels recognise, however, that a total lifting of the quota system on CKD and CBU units would flood the Portuguese market.

Significantly, the signing of the Renault agreement has coincided neatly with the drafting of new government legislation for the Portuguese motor industry which has already been accepted in principle by the EEC. The idea is for the quota system to be extended beyond the end of this year and only gradually phased out between then and 1985.

This transition period will give time for the Portuguese motor industry to be restructured along the following lines: the phasing out of about a dozen unprofitable assembly plants along with their subsidiary components factories which have been maintained by government protection; the development of new assembly and components plants which are judged to be "technologically advanced" and firmly integrated into the European productive structure; and the increase of employment in the industry as a whole.

The proposed law reads like a carte blanche for Renault, and is being treated as such by a number of rival car manufacturers. Their argument is that the transition period is the timing judged necessary for the Renault project to get off the ground and for the French car company to establish its monopoly of the domestic car market.

They suspect, moreover, that behind the general agreement signed last week, the Portuguese government has agreed to specific financial incentives which will also boost Renault's position to the detriment of other competitors.

These incentives would include not just those which come under the terms of Portugal's foreign investment codes such as tax deductions and special subsidies to finance job training schemes, but also the setting up of a special financial institution which would offer long-term credits at lower interest rates.

Portuguese Industry Ministry officials assume that Renault's grip on Portugal's domestic car sales will jump over the next eight to ten years from 11 per cent to about 30 per cent. But they reject the notion that the project will necessarily work against other leading car companies in Portugal such as Fiat, Ford and General Motors.

While admitting that some of the smaller assembly plants will have to disappear over the next few years, they point out that the negative effects will be offset by the creation by the Renault project of some 13,000 new jobs.

As for the new legislation, officials insist that what is being contemplated is a period not just of transition but also of transformation during which Renault's rivals will be encouraged to diversify their activities.

The ministry is remaining less open, at least until formal contractual arrangements are completed later this year, about the financial incentives which might or might not have been contemplated.

Sharp rise at BSN-Gervais Danone

BY TERRY DODSWORTH IN PARIS

OUTSTANDING performance by the expanding food division of BSN-Gervais Danone was enough to balance heavy losses from the plate glass division last year.

As a result of the improvement in food division profits, from FFr 94m ($21.4m) in ... to FFr 167m, the diversified French group finished the year showing total net consolidated profits of FFr 45.2m against FFr 13.9m in 1977. The packaging division also chipped in with profits of FFr 22m compared with FFr 14m a year ago.

The figures show that the deep-seated problems in BSN's glass division have not yet been overcome, although losses were reduced from FFr 170m in 1977 to FFr 158m last year. The group is indicating, however, that this side of its activities should be showing a radical improvement this year following a reorganisation pushed through in 1978.

This restructuring has been financed by exceptional charges included in last year's loss figure.

BSN's strength in the glass packaging field, where it is estimated to be the largest concern in France, is reflected in its profits last year. Equally its expanding interests in food, a sector in which it controls about half the national beer market through its Kronenbourg and Kanterbrau brands, appears to be paying off.

Total turnover advanced by 11.7 per cent to FFr 14.4bn, while cash flow rose to FFr 821m against FFr 713m in the previous year.

The group is proposing an increase in the net dividend to FFr 30 a share against FFr 27 for 1977.

W. German state loan set at 8%

By Jeffrey Brown

THE WEST GERMAN Government is to borrow DM 1.5bn on the long term capital market through a further issue of six- and ten-year bonds. The move lifts coupons on ten-year state bonds to 8 per cent for the first time since October, 1976.

The Bundesbank is offering DM 600m of six-year bonds on a coupon of 7¾ per cent and DM 900m of ten-year bonds on a coupon of 8 per cent. Both tranches are priced at 99¼. The terms of the longer issue can be seen as a clear attempt by the authorities to get behind the recent rapid deterioration in the German capital market and dictate a sustainable yield level.

The new loan makes its appearance against a background of interest rate upheaval in most European capital markets. Bond prices were marked down across the board in Frankfurt yesterday as dealers adjusted to the new yield level.

Last month the German Government raised DM 1.5m through a six and ten year bond issue in a similar attempt to offset the shakeout in the bond market. The move proved a dismal failure with both tranches—six years on a coupon of 7½ per cent and ten years at 7¾ per cent—moving instantly to substantial discounts and failing to be fully placed.

● In Holland, chemical group AKZO is to raise Fl 125m over seven years on a coupon of 9¼ per cent. Pricing takes place on June 13, and subscriptions have to be in by June 15.

RSV given final offer of aid

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government yesterday revealed its second rescue plan for the loss-making shipbuilding concern, Rijn-Schelde-Verolme (RSV) making it clear that this was the last time it would help the company. The state will meet RSV's demand for Fl 195m ($93m) in aid and it has assumed responsibility for the losses of its large offshore and shipbuilding yards in the Netherlands, backdated to January 1.

The release of the details of the rescue plan coincided with the publication of RSV's 1978 annual report and the forecast from Mr. Allerd Stikker, company chairman, that losses will continue, although at lower levels, in 1979 and 1980. RSV, which is the largest shipbuilding group in the Netherlands and the only concern with the capacity to build large vessels, believes that the Government aid will help it through the expected lowpoint of world shipbuilding in 1981-82 and allow it to be making a reasonable return by 1984-85.

The worsening losses of RSV in 1978 have forced the Government to review its first rescue plan worth Fl 415m which was announced in March, 1978. Mr. Gijs van Aardenne, the Economics Minister, said in a letter to parliament. It will provide the Fl 195m sought by RSV—although this includes the re-allocation of Fl 120m of funds provided in the first rescue plan—plus another Fl 50m in special aid.

RSV had also asked for funds to solve the problem of the yards, mainly VDSM in Rotterdam, which builds large vessels and offshore equipment. It wanted Fl 555m to allow it to keep these yards open until 1982, or alternatively, Fl 180m to shut them down. Pending a decision, which may be taken later this week, the Government has assumed responsibility for these yards.

Without this second rescue plan RSV would have incurred a loss of Fl 75m-140m this year compared with the result forecast after last year's aid package was announced of between Fl 25m profit and a loss of Fl 15m.

MAN keeps its eyes on the U.S. lorry market

BY ROGER BOYES IN BONN

WEST GERMAN truck manufacturer Maschinenfabrik Augsburg-Nuernberg (MAN) said yesterday that the company's sure expansion into the U.S. market had not been ruled out despite the collapse of its proposed deal with White Motor. The company is to go ahead with its rights issue.

MAN, a subsidiary of the Gutehoffnungshuette engineering group has been searching for some time for a springboard into the U.S. truck market. Until last weekend, when a deal was officially called off, it seemed as if the arrangement with White Motor would be that need.

The deal was scrapped, however, after it was decided that neither side would reap the benefits originally foreseen. MAN stressed yesterday that it was the decision of both companies and not just of one.

The relative strength of the Deutsche-Mark against the dollar has somewhat undermined one of the fundamental premises of the planned deal: MAN could supply competitively priced diesel engines to White. Under the initial agreement in principle, MAN would have taken a 12.6 per cent stake in White Motor in return for White's marketing of MAN trucks in North America and the eventual truck production using MAN and U.S.-made components. In February, MAN said it would take a majority stake in White for $77m.

MAN was yesterday unwilling to go into details of the breakdown of the deal on which many hopes had been pinned. But it was made clear that the White setback did not mean the end to the company's American ambitions. The company is aware of the need for direct American involvement before it can expand U.S. sales. Two years ago it concluded a co-operation agreement with Wood Industries which has given it an extensive sales and service network for the MAN group's printing machinery.

MAN executives yesterday said that the DM 370m of rights issue planned by both MAN and GHH was not related to their former plans for White Motor.

Swiss engineer stays heavily in the red

By John Wicks in Zurich

LAST YEAR was one of the worst ever for the Swiss steel and engineering concern, Von Roll, according to Herr Heinz W. Frech, the managing director.

The net loss in 1978 was SwFr 17m ($9.8m). Von Roll, which has not made a profit or paid a dividend since 1974, will again omit a payment to shareholders.

However, the company is confident that it has now passed the worst, as efforts to reduce costs drastically and increase turnover start to take effect. In the first five months of 1979, turnover rose by 15 per cent and there was a slight rise in new orders.

Last year, group turnover declined slightly from SwFr 876m to SwFr 857m, though this was after a reduction in the labour force from 7,045 to 6,575 persons.

Huls to sit on Robintech stake

BY OUR FINANCIAL STAFF

CHEMISCHE WERKE HULS, of West Germany, has decided against taking up options to purchase additional shares in the U.S. plastics manufacturer Robintech Inc. CWH is already the largest shareholder in Robintech.

Robintech pointed out, however, that negotiations continue with ICI Americas Inc., the U.S. unit of ICI for the extension of financing to Robintech and for the granting of ICI options to buy the shares Huls would not purchase.

Public issue by Danish builder

BY HILARY BARNES IN COPENHAGEN

DANISH civil engineer, Christiani and Nielsen, is to raise its capital by DKr 4.5m by offering shares for public subscription for the first time. The shares will be quoted on the Copenhagen Stock Exchange. The company's total capital will be DKr 36m after the issue. Value of work carried out by the company in 1978 was DKr 948m ($171.73m) compared with DKr 1,088m in 1977 and orders held at the end of the year were worth DKr 866m compared with DKr 1.36bn at the end of 1977.

The fact that the company continued its activities in South Africa contributed to the decline in ... earnings before extraordinary items and taxes, however, increased from DKr 39m in 1977 to DKr 49m last year. Net profits were down from DKr 42m to DKr 20m. Total assets at the end of last year were DKr 394m including DKr 137m in stock holders equity.

Ninety per cent of the company's activities are abroad. The company has subsidiaries in Germany, the UK, Belgium, Portugal, Thailand and South America.

* * *

HIGHER SALES and earnings are reported for 1978 by Rauma-Repola, the Finnish engineering, shipbuilding and forest products group. Further satisfactory results are forecast for the current year, writes Lance Keyworth from Helsinki.

Net sales increased by 1 per cent to FM2.71bn ($677m) of which exports accounted for 83 per cent and represented 6 per cent of the country's total exports. After tax, the company booked a net profit increase of 7 per cent on 1977. It is maintaining a 10 per cent dividend on a share capital of FM 340m.

Turnover of the engineering division fell 2.4 per cent to FM 1.05bn and the value of orders in hand at the end of 1978 was FM 500m, 60 per cent less than in December 1977. Net sales of the shipyard division also decreased—by 10 per cent to FM 528m—but both the mechanical and the chemical forest industry divisions showed increases in sales, the former 11.7 per cent and the latter 7.4 per cent.

The company notes that negotiations were in progress for several large engineering and shipbuilding orders at the end of 1978, several major contracts have already been signed this year. Profitability of the forest industry divisions has improved.

$50,000,000

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May 9, 1979

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INTERNATIONAL COMPANIES and FINANCE

Since 1945, Tadao Yoshida has developed his YKK zip fastener business from cottage industry to a level of automation where 500 workers at his Toyama plant produce 350,000 kilometres of fasteners a year.

How YKK hit the jackpot

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

YKK (Yoshida Kogyo Kaisha) is a Japanese company which seems to have hit the jackpot by breaking most of the accepted rules of how to run a business in Japan. Its president, Mr. Tadao Yoshida, whose family owns 30 per cent of YKK shares, and who insists on restricting ownership of the remainder to YKK employees, is a self-made, self-educated engineering genius who began making zip fasteners with three employees in 1934 and now supplies over 25 per cent of the world market.

Not only that, but YKK has also shot to the top position in the fast growing and highly competitive Japanese market for aluminium window frames and building materials. It has done both things from a manufacturing base in Toyama prefecture, a mountainous area on the west side of Japan, which boasts almost no other major industry.

Mr. Yoshida went into zip fasteners because a bankrupt trading company he was working for in the early thirties happened to have a large stock of them when it failed and he was given the job of disposing of the surplus. He was bombed out of a Tokyo factory in 1945 and went back to his native Toyama, where he worked for a while single-handed at what was then the cottage industry business of fastener making.

In 1950 Mr. Yoshida imported the first automatic chain manufacturing machines to be used in Japan from an American second-hand machinery dealer (a move condemned as suicidal by his competitors in view of Japan's then enormous labour surplus). He went on from there to automate (and to integrate vertically) his business up to a point which makes YKK now the most productive and sophisticated operation of its kind in the world.

YKK's Toyama manufacturing process starts with the smelting of aluminium alloys for metal fasteners, and from the spinning and weaving of raw cotton (which Mr. Yoshida says YKK can do at a cost below that of buying spun or woven material from the Japanese textile makers).

The manufacture of metal fasteners themselves at the Toyama plant employs 500 people whose annual output is an estimated 350,000 kilometres of fasteners, approximately 700 kilometres per person each year. The Toyama plant also makes plastic fasteners and aluminium sashes. Three other plants (also located in outlying parts of Japan) make sashes only, for a total Japanese labour force of 14,000 people.

The key to YKK's zip fastener success seems to have been the company's (or more specifically Mr. Yoshida's) ability to keep on designing and producing new machinery for ever greater manufacturing automation. YKK makes 1,000 machines a month from a special section of the Toyama works, but neither sells machines nor automation technology to other manufacturers. What it does do is to ship fastener-making machinery overseas to its 35 or so global manufacturing and assembly operations, ranging from three major semi-integrated plants in the U.S., to tiny assembly operations in places like Swaziland and Bolivia.

Mr. Tadao Yoshida, president of YKK: plans for more diversification

The formative period of YKK's growth in Japan was also the period when Japan's garment, bag manufacturing, and other zip fastener using (and exporting) industries were growing fastest—so that it was natural for the company to flourish. Today, the Japanese garment industry is not flourishing. Its dynamism has passed to other Asian countries such as Korea, Taiwan and Hong Kong. But Mr. Yoshida thinks that the economies of scale (and the huge concentration of investment) achieved at Toyama would be hard to duplicate elsewhere in Asia—or for that matter in Western Europe.

He argues that a fully integrated zip fastener-making plant requires an investment of around $100m today, which in turn means that the major market served by such a plant must be worth around $100m annually. "It so happens the West German market is just about that size," he adds, "but of course we couldn't expect 100 per cent of the market."

What this means is that the U.S. is the only country in which YKK can seriously contemplate duplicating the integrated production facilities it has in Japan. "It would take about another $50m worth of investment to make our Macon (Georgia) plant fully integrated, and I may well make that investment," says Mr. Yoshida. He has another reason for planning to increase his presence in the U.S. YKK has grown so big in its home prefecture that it can no longer buy land from local farmers to expand its plant site.

YKK's global sales today are worth nearly $2bn, making it one of the largest privately-owned or semi-privately-owned companies in Japan. It is also one of the fastest growing with sales climbing by about 20 per cent per year. Mr. Yoshida is not worried that growth will slow down. What does worry him is that one day, if the company gets too big, he may be forced to give up his unique "family" approach to the running and ownership of YKK and "go public" like everyone else.

Hakodate Dock loss almost trebled

TOKYO — Hakodate Dock Company, the Japanese builder of small and medium-sized ships, almost trebled its loss in the year to March 31, to Y38.57bn ($176m) from the previous year's Y13.75m. But losses are expected to be reduced to Y1.8bn in the current year.

Sales during the past year declined by 23 per cent, from Y38.99bn to Y30.04bn ($137m).

Hakodate predicts that sales will decline further in the current year to around the Y20bn mark, although it nevertheless sees its net loss narrowing sharply.

Sales of new ships by the company in the latest year totalled Y17.07bn, down from Y28.15bn in the previous year. New ship sales accounted for 57 per cent of the company's business, down from 72 per cent.

Ship repairs came to Y5.17bn, up from the previous year's Y4.72bn. Of the total sales, exports accounted for Y16.2bn, down from Y28.09bn.

It was announced last week that Japan's Shipbuilding Industry Stabilisation Fund was to buy idle facilities valued at Y15bn ($68m).

Agencies

Saudi fund lends $30m to Malaysia

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN Government has obtained two loans, totalling U.S.$30m from the Saudi Fund for Development, to finance in part a large land development scheme and for building five science colleges for Malay students.

The first loan, of U.S.$23m would be used to open up 44,000 acres of jungle at Lepar Utara, in Pahang State, for palm oil and cocoa cultivation. It would be managed by the Federal Land Development Authority, which would resettle 4,400 landless farmers in the scheme.

The loan is for 25 years, with a 4 per cent annual interest rate. The second loan for the science colleges is also for 25 years, with an annual interest rate of 2 per cent.

Hong Leong is well ahead

BY GEORGIE LEE IN SINGAPORE

HONG LEONG FINANCE, the largest Singapore finance company, has turned in a strong performance for the year to December 1978 with group post-tax profit rising sharply, by 34 per cent to S$5.94m (U.S.$2.69m).

In his statement to shareholders, Mr. Kwek Hong Png, the chairman, indicated that a Rights issue is in the offing to bring its ratio of total investments to paid-up capital and published reserves within the limit stipulated in the Finance Companies Act.

This is the result of Hong Leong's successful takeover bid of another local finance company, Singapore Finance earlier this year. Hong Leong now owns 96 per cent of Singapore Finance's issued capital and is proceeding with compulsory acquisition of the remaining shares.

The group has declared a gross dividend of 12 per cent, 50 per cent higher than the previous year's payment after adjusting for the one-for-two bonus issue last year.

Total time and savings deposits reached S$218m, 2[illegible] per cent higher than a year earlier, while loans expanded by almost 12 per cent to S$189m. Assets as at the end of last year totalled S$287.8m, 20 per cent above the previous year's figure.

With the acquisition of Singapore Finance, Hong Leong now has a branch network of [illegible] offices in Singapore.

Lombard Insurance makes gain after restatement

BY ANTHONY ROWLEY IN HONG KONG

LOMBARD Insurance Company, the general and life insurance group based in Hong Kong, and a wholly-owned subsidiary of Jardine Matheson and Co., increased net profits by 22 per cent to HK$ 15m (U.S.$2.9m) last year, after restating the 1977 accounts to reflect changes in accounting practice on depreciation and foreign exchange. The effet of the restatement has not been quantified.

A 31 per cent increase to HK$ 151m in net retained premium income from general and life business was said to be "partly due to the current weakness of the Hong Kong dollar.

Lombard's underwriting results were mixed in 1978, with the fire and accident surplus showing a sharp decline from HK$ 4.3m to HK$ 1.64m, while marine, aviation and transport turned round from a deficit of HK$ 797,000 in 1977 to a surplus of HK$ 1.7m. The underwriting result in the life division was HK$ 3.4m surplus, against HK$ 1.1m in 1977.

Investment income rose by 8.6 per cent to HK$ 16.4m, on investments which totalled HK$ 235m in 1978.

Dead Sea Works rise helped by higher prices

BY L. DANIEL IN TEL AVIV

ALTHOUGH the Dead Sea works exported 100,000 tonnes of potash less in fiscal 1978-79 (1m tonnes) than in the preceding 12 months, income grew marginally to $65m due to an improvement in prices, it was reported by the company, which is 98 per cent controlled by the Government (the remaining 2 per cent are traded on the Tel Aviv exchange).

Output is now running at 100,000 tonnes a month and the company holds substantial stocks. Nevertheless, it has been considering an expansion programme designed to increase output by between 500,000 and 900,000 tonnes per year. The plan will now be re-examined in the light of the Government's decision to link future loans to industry to the cost-of-living index.

Bonus-cum-rights for Yeo Hiap Seng

BY OUR SINGAPORE CORRESPOINDENT

YEO HIAP SENG, the major food and beverage manufacturer and soft drinks bottler in Singapore and Malaysia, has announced a bonus-cum-rights issue.

The company has proposed a scrip issue of one share for every three held and a rights issue, also on a one-for-three basis, at S$2.25 per new share. This price compares with a subsequent market one of S$4.46.

The bonus-cum-rights issue will raise the company's issued capital to S$25.82m (US$11.73m).

Yeo Hiap Seng said that the rights issue which will result in a fresh injection of S$11.6m will be used to finance development of a four-floor factory on its existing site. The factory building, including plant and machinery, will cost S$10m.

The construction of the new factory will begin in the third quarter this year and is expected to be completed by December, 1980.

The bonus-cum-rights issue announcements follow the group's disclosure of a strong upsurge in its performance during its half year to March 1979.

Group pre-tax profit for the six-month period rose by 23.3 per cent to S$4.2m while net sales went up by 22 per cent to S$24.7m, spurred on largely by strong export sales. Yeo Hiap Seng has declared an interim gross dividend of 10 per cent.

The company also stated that it is confident that it will be able to recommend a final gross dividend of 5 per cent on the enlarged capital of 25.82m shares of S$1 par for the current year ending September 1979.

After adjusting for the proposed capital change, this means that the expected total dividend for 1979 will amount to 11 per cent compared with 9 per cent in 1978.

● Yeo Hiap Seng Berhad, the Malaysian subsidiary of the Singapore drinks and food processors, is keeping up with its solid growth, with half year profits, ended March, up 40 per cent to 4.5m ringgit (US$ 2.02m), writes Wong Sulong from Kuala Lumpur. The improved results were due mainly to a 42 per cent rise in sales to 35m ringgits.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB - Tel: 01-623 6314
Index Guide as at May 31, 1979

Capital Fixed Interest Portfolio	114.80
Income Fixed Interest Portfolio	105.00

All these securities having been sold, this advertisement appears as a matter of record only.

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June 4, 1979

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Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm

The dollar and sterling gained ground in the foreign exchange market yesterday, finishing around the best levels of the day against most major currencies. The dollar fell to DM 1.9075 against the D-mark in the morning, but improved to DM 1.9165 in the afternoon, before closing at DM 1.9180, compared with DM 1.9115 on Monday. In terms of the Belgian franc, the dollar rose to SwFr 1.7345 at the close, from SwFr 1.7280 previously. It moved within a range of SwFr 1.7250 to SwFr 1.7350.

The U.S. currency improved to FFr 4.4250 from FFr 4.4175 against the French franc, and to Y220.80 from Y219.75 against the Japanese yen.

On Bank of England figures, the dollar's trade-weighted index rose to 87.0 from 86.9, while its trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 6.6 per cent from 6.7 per cent.

Sterling's index, according to the Bank of England, rose to 67.8 from 67.7, after standing at 67.7 at noon and 67.8 in the morning. The pound opened at $2.0775-2.0785, and touched a low point of $2.0770-2.0780 in the morning. It rose to $2.0815-2.0825 in the afternoon, and closed at $2.0800-2.0810, a rise of 27 points on the day.

FRANKFURT—The fixing of the Belgian franc and Danish krone was slightly delayed yesterday amid speculation that both currencies would need support from the Bundesbank to keep them within the agreed limits of the European Monetary System. On Friday the German authorities bought BFr 87m and DKr 800,000 to support the franc and krone, but yesterday both were fixed without official intervention. The Belgian franc was fixed at DM 6.223 per 100 francs, slightly above its intervention point of DM 6.221, while the Danish krone was also slightly above its floor of DM 34.645, at DM 34.660 per 100 krone.

The Bundesbank did not intervene when the dollar was fixed at DM 1.9091 against the D-Mark, compared with DM 1.9151 previously. Trading was quiet.

BRUSSELS—The Belgian franc remained at its floor against the D-mark for the sixth consecutive trading day yesterday, despite the Belgian National Bank's move to increase rates on short-term Treasury certificates. There was no intervention by the central bank when the Belgian currency was fixed at its lower intervention rate of DM 16.0740. The franc gained ground against other EMS currencies except the Dutch guilder and Danish krone. The French franc fell to BFr 6.9475 from BFr 6.9515 on Friday, compared with an intervention level of BFr 6.9600.

MILAN — *The dollar lost ground against the lira in slow trading, while EMS currencies were slightly firmer. The result of the Italian general election had no impact on the lira. The dollar fell to L852.75 from L854.45, while the D-mark rose to L446.75 from L446.35, and sterling was little changed at L1,774, compared with L1,775.10 the previous day.

TOKYO — The dollar fell to Y219.75 *against the yen at the* close, from Y220.324 on Monday. It opened at Y219.40, and fell to a low of Y218.65 in early trading, before buying for import settlements helped the U.S. currency to recover towards the close.

THE POUND SPOT AND FORWARD

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0770-2.0825	2.0800-2.0810	0.30-0.20c pm	1.44	0.60-0.50 pm	1.06
Canada	2.4335-2.4630	2.4430-2.4440	0.20-0.10c pm	0.74	0.34-0.24 pm	0.47
Nethlnd.	4.34½-4.37½	4.35¼-4.36¼	1½-½c pm	3.44	3½-2½ pm	2.75
Belgium	63.75-64.15	64.00-64.10	22-12c pm	3.19	40-30 pm	2.18
Denmark	11.44-11.48	11.46-11.47	par-2ore dis	-1.05	½pm-1½dis	-0.09
Ireland	1.0505-1.0560	1.0530-1.0540	5-15p dis	-1.14	50-65 dis	-2.18
W. Ger.	3.96½-4.00	3.98½-3.99½	2⅜-1⅝pf pm	5.64	6⅝-5⅝ pm	5.76
Portugal	103.45-103.90	103.55-103.85	50-110c dis	-9.26	160-280 dis	-8.57
Spain	137.30-137.65	137.55-137.65	100-800 pm	8.69	100-50 pm	2.18
Italy	1,772½-1,776½	1,773¼-1,774¼	½lire pm-1½ dis	-0.34	4-6 dis	-1.13
Norway	10.75-10.78	10.77¼-10.78¼	2½-½ore pm	1.67	5-7 pm	2.97
France	9.18-9.21½	9.20½-9.21½	¾c pm-¾c dis	-0.18	2-1 pm	0.65
Sweden	9.07½-9.12	9.11½-9.12½	2½-½ore pm	1.97	6-4 pm	2.19
Japan	455-462	459-460	2.60-2.55y pm	6.99	7.45-7.20 pm	6.36
Austria	29.22-29.33	29.30-29.35	19gro pm-par	2.05	40-30 pm	4.77
Switz.	3.58½-3.62	3.60½-3.61½	3½-2½c pm	9.97	9½-8½ pm	9.56

Belgium rate is for convertible francs. Financial franc 65.95-66.05. Six-month forward dollar 1.22-1.12c pm; 12-month 2.45-2.35c pm.

THE DOLLAR SPOT AND FORWARD

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0770-2.0825	2.0800-2.0810	0.30-0.20c pm	1.44	0.60-0.50 pm	1.06
Ireland†	1.9725-1.9770	1.9745-1.9765	0.65-0.50c pm	3.49	1.90-1.75 pm	3.70
Canada	84.80-85.05	84.96-84.99	0.07-0.05c pm	0.85	0.14-0.11 pm	0.59
Nethlnd.	2.0900-2.0950	2.0910-2.0930	0.40-0.30c pm	2.01	0.93-0.83 pm	1.68
Belgium	30.65-30.80	30.75-30.76½	6-5c pm	2.14	11-9 pm	1.30
Denmark	5.5050-5.5330	5.5315-5.5330	0.25-0.75ore dis	-1.09	1.50-2.00 dis	-1.26
W. Ger.	1.9080-1.9150	1.9140-1.9150	0.84-0.74pf pm	4.95	2.28-2.18 pm	4.65
Portugal	49.75-49.95	49.80-49.90	37-53c dis	-10.83	90-140 dis	-9.22
Spain	66.05-66.20	66.12-66.17	30-20c pm	4.53	10 pm-par	0.30
Italy	852.50-853.25	852.60-852.90	1.75-2.50 lire dis	-2.99	4.50-5.50 dis	-2.34
Norway	5.1765-5.2000	5.1905-5.2000	0.75-0.35ore pm	1.27	2.30-1.90 pm	1.62
France	4.4170-4.4250	4.4225-4.4250	0.10-0.25c dis	-0.47	0.55-0.75 dis	-0.59
Sweden	4.3785-4.3900	4.3885-4.3900	0.65-0.45ore pm	1.50	1.10-0.90 pm	0.91
Japan	219.40-220.35	220.70-220.90	1.10-1.00y pm	5.71	2.90-2.80 pm	5.16
Austria	14.065-14.098	14.092-14.097	5½-4½gro pm	4.26	15-13½ pm	4.04
Switz.	1.7250-1.7350	1.7330-1.7340	1.32-1.27c pm	9.00	3.82-3.77 pm	8.77

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.610052	0.654816
U.S. $	9½	1.26726	1.31629
Canadian $	11¼	1.48936	1.51545
Austria Sch.	3¾	Unavail	18.5795
Belgian F.	8	"	40.5319
Danish K.	8	"	7.27646
D mark	4	"	2.52162
Guilder	7	"	2.76519
French Fr.	9½	"	5.83380
Lira	10½	1082.87	1126.48
Yen	4¼	280.825	291.295
Nrwgn. K.	7	Unavail	6.83958
Spanish Pes.	8	"	86.9957
Swedish Kr.	6½	"	5.77523
Swiss Fr.	1	"	2.28113

* ECU rates are for June 1.

CURRENCY MOVEMENTS

June 5	Bank of England Index	Morgan Guaranty changes %
Sterling	67.8	-36.7
U.S. dollar	87.0	-6.6
Canadian dollar	80.9	-17.1
Austrian schilling	144.7	+18.6
Belgian franc	112.4	+12.5
Danish kroner	112.6	+2.2
Deutsche Mark	149.2	+41.3
Swiss franc	193.0	+80.8
Guilder	122.8	+18.5
French franc	98.2	-7.1
Lira	54.6	-48.8
Yen	131.6	+30.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 5	£	$		£ Note Rates
Argentina Peso	2623-2642	1260-1270	Austria	28.80-29.70
Australia Dollar	1.8795-1.8835	0.9035-0.9055	Belgium	65-66½
Brazil Cruzeiro	52.61-53.61	25.28-25.78	Denmark	11.45-11.55
Finland Markka	8.33-8.35	3.9980-4.0000	France	9.10-9.25
Greek Drachma	76.652-78.484	36.85-37.70	Germany	3.90-3.99
Hong Kong Dollar	10.6875-10.6875	5.1250-5.1280	Italy	1,740-1,780
Iran Rial	149.80-156.38	72-75	Japan	457-467
Kuwait Dinar (KD)	0.574-0.584	0.2788-0.2789	Netherlands	4.30-4.40
Luxembourg Frc.	64.00-64.10	30.76-30.78	Norway	10.73-10.83
Malaysia Dollar	4.62-4.63	2.2210-2.2220	Portugal	100-105
New Zealand Dlr.	1.9892-1.9952	0.9560-0.9590	Spain	135¼-138¼
Saudi Arab. Riyal	7.02-7.12	3.4005-3.4010	Switzerland	5.55-5.65
Singapore Dollar	4.6850-4.5950	2.2040-2.2050	United States	2.0750-2.0850
Sth. African Rand	1.75-1.76	0.8410-0.8460	Yugoslavia	41-43

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5325	+2.72	+1.81	±1.53
Danish Krone	7.08592	7.27433	+2.66	+1.75	±1.635
German D-Mark	2.51064	2.52178	+0.44	−0.47	±1.1325
French Franc	5.79831	5.83584	+0.65	−0.26	±1.35
Dutch Guilder	2.72077	2.76337	+1.57	+0.65	±1.5075
Irish Punt	0.662638	0.668146	+0.83	−0.08	±1.665
Italian Lira	1148.15	1126.75	−1.86	−1.86	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.081	3.990	459.5	9.210	3.610	4.363	1774.	2.444	64.05
U.S. Dollar	0.481	1.	1.918	220.9	4.427	1.735	2.097	852.6	1.174	30.79
Deutschemark	0.251	0.521	1.	115.2	2.308	0.905	1.093	444.5	0.612	16.05
Japanese Yen 1,000	2.176	4.528	8.683	1000.	20.04	7.856	9.494	3860.	5.318	139.4
French Franc 10	1.086	2.259	4.332	498.9	10.	3.920	4.737	1926	2.653	69.54
Swiss Franc	0.277	0.576	1.105	127.3	2.551	1.	1.208	491.3	0.677	17.74
Dutch Guilder	0.229	0.477	0.915	105.3	2.111	0.828	1.	406.6	0.560	14.68
Italian Lira 1,000	0.564	1.173	2.249	259.1	5.192	2.035	2.459	1000.	1.378	36.11
Canadian Dollar	0.409	0.851	1.633	188.0	3.769	1.477	1.785	725.9	1.	26.21
Belgian Franc 100	1.561	3.248	6.230	717.4	14.38	5.636	6.811	2769.	3.815	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.38-10.48 per cent; six months 10.42-10.52 per cent; one year 10.20-10.30 per cent.

June 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅝-11⅞	10⅛-10⅜	9½-10½	7⅛-7⅜	[illegible]	5[illegible]-5[illegible]	8¾-9¼	9-10	—	[illegible]
7 days' notice	11⅛-11⅞	10¼-10½	9½-10½	7⅜-7⅝	1⅛-1¼	5[illegible]-5[illegible]	8¾-9¼	10-11	10[illegible]-10[illegible]	[illegible]-5
Month	11⅝-12	10⅜-10⅝	10⅞-11¼	8[illegible]-8[illegible]	1[illegible]-1[illegible]	5⅜-5⅝	10½-11	11-12	10[illegible]-10[illegible]	[illegible]
Three months	11¾-12⅛	10⅜-10⅝	10⅞-11¼	8[illegible]-9[illegible]	2-2⅛	5[illegible]-6[illegible]	10[illegible]-11¼	12½-13½	10[illegible]-10[illegible]	5⅛-5⅜
Six months	11⅞-12¼	10⅜-10⅞	10[illegible]-11[illegible]	9¼-9½	2[illegible]-2[illegible]	6[illegible]-6[illegible]	10¾-11¼	13-14	10[illegible]-10⅞	5[illegible]-5[illegible]
One year	11[illegible]-12[illegible]	10[illegible]-10[illegible]	10[illegible]-10[illegible]	9¼-9½	3⅛-3¼	6[illegible]-7[illegible]	11-11½	13½-14½	10[illegible]-10[illegible]	6⅛-6[illegible]

Long-term Eurodollar deposits: two years 10⅛-10⅜ per cent; three years 10-10⅛ per cent; four years 9[illegible]-10[illegible] per cent; five years 9⅞-10 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates firmer

Interest rates in Belgium continued to harden yesterday, and the authorities announced a ½ per cent rise in one, two and three-month Treasury certificates, with rates now standing at 8¾ per cent, 9 per cent and 9¼ per cent respectively. The interest rate on the four-month bond-fund paper was also increased, rising from 9.15 per cent to 9.40 per cent at yesterday's weekly auction. However market sources tended to rule the possibility of any rise in discount rate after today's Central Bank council meeting, although within the EMS, the Belgian franc failed to show any reaction to the rises and was quoted at its floor level against the D-mark.

Deposit rates for the Belgian franc (commercial) remained firm with one-month deposits at 8¼-8¾ per cent and three-month deposits at 9¼-9¾ per cent. The six- and 12-month rates were quoted at 9¼-9¾ per cent.

FRANKFURT — Interbank money rates were generally steady for the short-term, although longer periods showed a slightly firmer tendency. Call money was quoted at 5.50-5.75 per cent from 5.50-5.70 per cent and one-month money was unchanged at 5.80-6.00 per cent. The three-month rate stood at 6.50-6.60 per cent from 6.40-6.60 per cent and six-month money rose to 6.85-7.05 per cent against 6.80-7.00 per cent previously. The 12-month rate was unchanged at 7.20-7.40 per cent.

PARIS—The recent rise in interest rates was reflected in yesterday's Treasury bill result, with the yield on four-month Treasury paper rising to 8.73 per cent from 7.33 per cent at the previous auction.

Day to day money was quoted at 7¾ per cent yesterday after Monday's market holiday. The one-month rate stood at 8[illegible]-8[illegible] per cent with three-month money at 8[illegible]-8[illegible] per cent and six-month money at 8[illegible]-8[illegible] per cent. 12-month money stood at 9⅛-9¼ per cent.

HONK KONG—Conditions in yesterday's money market were initially tight, but liquidity improved during the afternoon. Call money was quoted at 13 per cent with overnight business dealt at 12½ per cent.

GOLD

Record level

Gold rose $4 to a record closing level of $278¾-279¼, in moderate trading. It opened at $275¾-276¼, and was fixed at $275.75 in the morning and $274.75 in the afternoon, before buying interest from New York pushed up the price towards the London close.

In Paris the 12½ kilo gold bar was fixed at FFr 41,300 per kilo ($290.75 per ounce) in the afternoon, compared with FFr 41,500 ($292.03) in the morning, and FFr 41,250 ($289.64) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 16,940 per kilo ($276.00 per ounce), compared with DM 17,000 ($277.49) previously.

	June 5	June 4
Gold Bullion (fine ounce)		
Close	$278¾-279¼ (£134.0-134.3)	$274¾-275¼ (£132.2-132.5)
Opening	$275¾-276¼ (£132.7-133.1)	$275-275½ (£132.4-132.7)
Morning fixing	$275.75 (£132.591)	$275.60 (£131.621)
Afternoon fixing	$274.75 (£131.964)	$272.90 (£131.372)
Gold Coins, domestically		
Krugerrand	$295-299 (£141½-143½)	$291-295 (£140-142)
New Sovereigns	$76½-78½ (£36¾-37¾)	$75-77 (£36-37)
Old Sovereigns	$87-89 (£42-43)	$86¼-88¼ (£41½-42½)
Gold Coins, internationally		
Krugerrand	$283½-285½ (£136½-137½)	$281-283 (£135¼-136¼)
New Sovereigns	$71-73 (£34¼-35¼)	$70½-72½ (£34-35)
Old Sovereigns	$91-93 (£43¾-44¾)	$91½-93½ (£44-45)
$20 Eagles	$437-442	$437-442
$10 Eagles	$229-233	$228-233
$5 Eagles	$160-165	$158-163

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit proved to be in good supply in the London money market yesterday, and the authorities sold a small amount of Treasury bills all direct to the discount houses in an effort to mop up the surplus. However after paying 11½-11¾ per cent for secured call loans during the early part of the day, closing balances were taken by the houses down to 4 per cent.

The market was faced with a small net take up of Treasury bills and banks brought forward balances a small way below target. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a small amount and there was a small sum in respect of customer transactions in the market's favour.

In the interbank market, overnight loans opened at 11⅝-11⅞ per cent and eased on the forecast to 11-11¼ per cent where they stayed for most of the morning. By lunch however, rates had started to decline once more and slipped steadily throughout the afternoon to finish at 1-2 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 5 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ǂ	Eligible Bank Bills ǂ	Fine Trade Bills ǂ
Overnight	—	1-11⅞	—	—	—	11½	4-11½	—	—	—
2 days notice	—	—	11⅛-11¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-11¼	11⅜-11⅝	—	12	11¾	11¼-11½	—	—	—
One month	11[illegible]-11[illegible]	11⅝-11¾	11⅝-11⅞	12⅜-12⅛	12⅛	12	11½	11[illegible]	11[illegible]	12¼
Two months	11⅞-11¾	11¾-11⅞	—	12⅛-11¾	12⅛	—	11⅝	11[illegible]	11[illegible]-11[illegible]	12¼
Three months	11[illegible]-12¼	11[illegible]-11[illegible]	11¾-11[illegible]	12-11¾	12⅛	12⅛	11⅝	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12
Six months	11[illegible]-11[illegible]	11¾-11⅞	11⅝-11¾	11⅝-11¾	12	—	—	—	11[illegible]-11[illegible]	11⅞
Nine months	11[illegible]-11[illegible]	11¾-11[illegible]	—	11⅞-11½	12	—	—	—	—	—
One year	11[illegible]-11[illegible]	11⅝-11¾	11½-11⅝	11½-11¾	11⅞	—	—	—	—	—
Two years	—	—	11¾-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12-12¼ per cent, four years 12¼-12½ per cent; five years 12¼-12½ per cent. ǂBank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11½ per cent; four-month trade bills 11⅞ per cent.

Approximate selling rate for one-month Treasury bills 11⅛-11-15/64ths per cent; two-month 11[illegible]-11⅛ per cent; three-month 11⅛-11[illegible] per cent. Approximate selling rate for one-month bank bills 11[illegible]-11[illegible] per cent, two-month 11[illegible] per cent; and three-month 11[illegible] per cent; one-month trade bills 12¼ per cent; two-month 11⅞ per cent, and three-month 11¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9¼ per cent. Clearing Bank rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4209 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	10.25
Treasury Bills (13-week)	9.36
Treasury Bills (26-week)	9.03

GERMANY

Discount Rate	4
Overnight Rate	5.625
One month	5.90
Three months	6.55
Six months	6.95

FRANCE

Discount Rate	9.5
Overnight Rate	7.75
One month	8.25
Three months	8.375
Six months	8.675

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.25
Bills Discount (three-month)	5.6875

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears *monthly* in the Financial Times.

It will be published in an eight-page format on the following dates in the remainder of 1979:

June	12	September	10
July	9	October	15
August	13	November	12
	December 10		

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May 31, 1979

Pennsylvania Life Company is now

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Our Company has grown both in size and scope. Its new name, **PennCorp Financial, Inc.,** *reflects more closely the broadened base of its financial activities and interests.*

And for the benefit of present and future investors in our Company the shares of its common stock and its 1997 Senior Sinking Fund Debentures are now traded on The New York Stock Exchange. The symbol to look for is PCF. Quotations will appear in NYSE-Composite Transaction Tables in newspapers under the designation PennCp.

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- For 1978 the Company reported revenues of $326.9 million, after-tax profits from operations of $26.7 million, net income of $26.3 million and total assets of $1.6 billion. Profits for the 1979 first quarter were $6.9 million, up 40% from a year ago.
- The Company conducts its insurance businesses throughout the United States and Canada. The savings and loan operation, Houston First Savings Association, is based in Houston and is the fourth largest in Texas. Its acquisition of American Savings and Loan Association of Houston, when consummated, will increase the Company's savings and loan assets to over $1.1 billion and total branches to 32.
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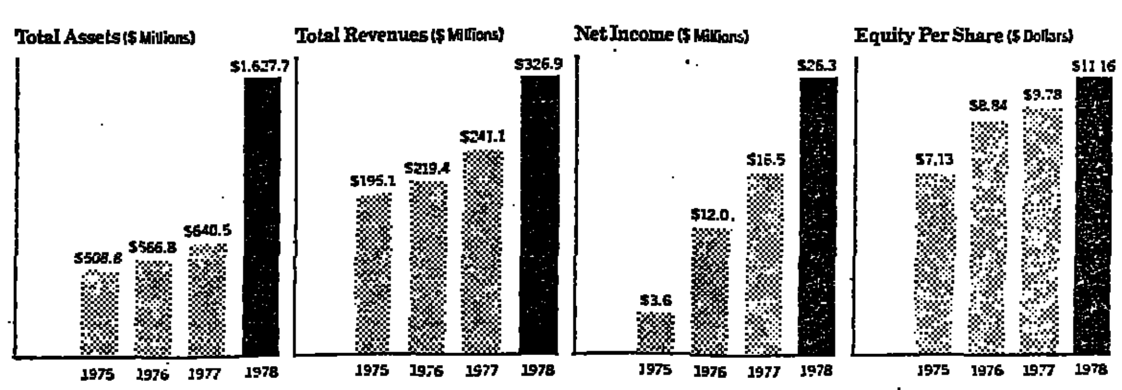
  BANKERS AND SHIPPERS INSURANCE COMPANY
  PENNSYLVANIA SECURITIES COMPANY



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Early technical recovery of 4.6 on Wall St.

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—52% (51¾%)
Effective $2.0805—21¼% (21%)

ON MAINLY technical influences following the decline earlier last week, Wall Street put on a firm performance in increased activity yesterday morning after lacking direction for the past two business days.

The Dow Jones Industrial Average gained 4.59 to 826.49 at 1 pm, while the NYSE All Common Index was 41 cents higher at $56.54 and rises exceeded falls by a two-to-one margin. Turnover expanded to 21.26m shares from Monday's light 1 pm amount of 15.32m.

Closing prices and market reports were not available for this edition.

An analyst commented that there was some speculation that the report on wholesale prices for May, due later this week, will be somewhat less discouraging than those of recent months when prices were rising at a double-digit annual rate.

MLT topped the actives list and rose 1½ to $30¾.

Oil stocks continued to improve. Tesoro Petroleum, the second most active, added $1 at $13¾, while Exxon put on ½ to $50¾, Amerada Hess $1 to $40¾, Superior Oil $11 to $482 and Standard Oil (Ohio) 1¾ to $56. Sohio has agreed to acquire Webb Resources and an associated company for stock. There was no trading by mid-session in Webb, but it closed on Monday at $18½ bid in over-the-counter trading.

Simplicity Pattern picked up ¾ to $12¼. Simplicity said companies controlled by Victor Posner hold 3 to 4 per cent of its Common shares and may buy more.

Recently-depressed McDonnell Douglas regained 1½ to $23¾. Honeywell added ½ at $67½.

THE AMERICAN SE Market Value Index, after its recent advance, was only 0.05 higher at 189.30 at 1 p.m. after a large business of 3.78m shares (2.35m).

Resorts International "A" gained 1½ to $44¾ despite a decline in the May gross winnings at its Atlantic City casino. Spector Industries climbed 2¾ to $10¾. Spector is holding merger talks with a party it did not identify.

Sharon Steel, one of Victor Posner's companies, gained 3¾ to $36. Concerns controlled by Posner have been acquiring small stakes in a number of companies.

Recently-strong Oil issues were mixed. Volume leader Houston Oil and Minerals declined ¾ to $13¾ and Dome Petroleum 2¼ to $38, but Meenan Oil rose 1¾ to $13¾.

Canada

Markets turned mixed in active early trading as Oil shares, which have risen sharply in recent sessions, suffered broad declines. The Toronto Composite index slipped 1.8 to 1,536.5 at noon, while the Oils and Gas index relinquished 19.2 to 2,599.5. Metals and Minerals shed 2.8 to 1,258.7, but Golds added 5.6 at 1,918.0. In Montreal, Banks lost 2.10 to 292.63, but Utilities climbed 1.06 to 235.06.

Falconbridge Nickel "A" rose 1½ to C$60¼. The company said it will resume paying dividends on class "A" and "B" shares.

Tokyo

Stock prices further declined over a broad front on heavy liquidations following the markets recent high level.

The Nikkei-Dow Jones Average fell 14.75 to 6,12.96 and the Tokyo SE index 4.10 to 441.23. Volume came to 360m shares (410m) on the First Market section, with declining issues outnumbering gains by 528 to 113.

Recently-selected large-capital concerns, export-orientated issues and other popular stocks led the retreat, with Matsushita Electric falling Y12 to Y682, Nippon Kokan Y3 to Y113, Pioneer Electronic Y40 to Y1,930, Nissan Motors Y15 to Y680, Canon Y9 to Y509 and Ricoh Y20 to Y535.

Coals, which opened firm, also declined towards the close, along with Non-ferrous Metals, reflecting profit-taking.

Constructions and Pharmaceuticals were among others to lose ground in the absence of fresh market factors.

Oils closed generally higher, however, extending Monday's gains, but Teikoku Oil, up Y100 the previous day, shed Y20 to Y760 on profit-taking.

Germany

Returning after the Whit Monday holiday closure, the market suffered a further widespread setback in thin trading as high interest rates in the Bond market continued to undermine sentiment. The Commerzbank index receded 7.8 more to a new 1979 low of 728.5.

The listless stock market was further drained by an announcement yesterday morning that the West German Federal Government was offering DM 1.5bn of new Federal Bonds. The offer included a 10-year DM 900m tranche priced to yield 8.07 per cent, the highest yield offered on bonds of this type since 1976.

Motors were under particular pressure, with BMW falling DM 7.00, Volkswagen DM 6.09 and Daimler DM 5.00. Leading Stores, Engineerings and Steels also sustained conspicuous falls. Neckermann lost DM 5.50, Karstadt DM 6.00, Kloecknerwerke DM 4.50, Thyssen DM 1.90, Demag DM 4.50 and Mannesman DM 4.00. Electricals had Siemens down DM 3.80 and AEG off DM 1.70.

Traders said announcement of the new Federal Bonds pushed down prices of seasoned Domestic Bonds as well as mark-denominated Eurobonds. They said the DM 900m tranche offering an 8 per cent coupon priced to yield 8.07 per cent was well received.

Public Authority Bonds lost up to 80 pfennigs, and the Bundesbank purchased DM 2.1m nominal of paper after selling DM 3.5m last Friday.

Paris

Bourse prices remained easier inclined in fairly quiet trading following the three-day weekend recess.

Brokers said investors remained disheartened over the international oil supply situation and the prospects of greater inflation as oil prices rise.

Oils were generally firmer in contrast to the overall trend, especially Elf-Aquitaine, which advanced FFr 9 to FFr 649. Construction issues were also higher, with investors anticipating measures by the French Government to stimulate activity in the sector. Portfolios, Banks, Stores, Electricals and Chemicals were mixed, while Mechanicals and Metals finished mainly lower.

Bright spots included Bouygues, up FFr 35 at FFr 885, and Michelin "B," FFr 9 firmer at FFr 902, but Credit Du Nord, Revillon, Comptoirs Modernes, Sagem, Presses de la Cite, BHV, SAT, Creusot-Loire, Bellon, Legrand, Imetal and Skis Rossignol were among the weak issues.

Milan

In the wake of inconclusive results from the country's General Election and the failure of the Christian Democrat party to achieve a widely forecast electoral advantage, shares mostly retreated after the strong market rise.

Fiat fell L44 to L2,750, Pirelli SpA L26 to L821 and Snia Viscosa L34 to L900.

Australia

In further quiet trading, Minings tended to drift easier, partly reflecting lower base metal and Bullion prices in London, while Industrials showed no clear trend.

Metals Exploration lost 10 cents to 95 cents following news that Mid-East Minerals had acquired 22.5 per cent of the issued capital but planned to increase its stake to only a maximum of 30 per cent.

Western Mining, A$2.28, and MIM, A$3.10, shed 4 cents apiece, while North Broken Holdings declined 3 cents to A$1.63.

An announcement of an A$30m coal contract between Korea and five Australian colliers saw some of those companies gain ground, but the majority of Coal issues were little changed. Oakbridge put on 5 cents to A$1.47 and White Industries 3 cents to A$4.03, while Coal and Allied, CRA and Howard Smith held steady.

BHP reacted 16 cents to A$9.34, after Monday's Overseas buying when the shares rose to A$9.62 during the morning trading.

Herald and Weekly Times receded to A$2.66 ahead of its interim results, due later this week.

Hong Kong

The market turned modestly firmer in moderate activity on meeting some investment buying, with Properties attracting the most interest. The Hang Seng index picked up 2.82 to 556.96.

Hong Kong Land rose 10 cents to HK$7.35, Cheung Kong 30 cents to HK$10.60, Hutchison Properties 30 cents to HK$10.50 and Hong Kong Land Warrants, 1980, HK$6.00 to HK$350.00.

Among the leaders, Swire Pacific "A" hardened 15 cents to HK$8.40, Wheelock "A" 7.5 cents to HK$3.50 and Hutchison Whampoa 5 cents to HK$4.55, while Hong Kong Wharf were quoted at HK$34.50 ex the 75 cents dividend, against HK$35.00 the previous day.

Johannesburg

Golds mostly rallied on the firmer Bullion price, dealers said, noting moderate local demand backed up by selective London and Continental interest despite a fresh rise in the Financial Rand, up 2¼ at 93½ U.S. cents.

Indices

NEW YORK —DOW JONES

	June 4	June 1	May 31	May 30	May 29	May 25	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	821.90	821.21	822.33	822.16	832.55	836.28	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.21	84.38	84.45	84.47	84.39	84.11	85.30 (2/2)	82.92 (9/5)	—	—
Transport.	234.51	235.10	233.15	232.62	234.27	234.71	255.25 (10/4)	205.78 (27/2)	279.88 (7/2/69)	12.32 (8/7/32)
Utilities	102.20	101.85	101.69	101.79	101.59	101.46	104.94 (9/4)	98.51 (15/5)	163.32 (20/4/69)	10.50 (28/4/42)
Trading vol 000's	24,060	24,590	20,580	29,420	27,180	25,740	—	—	—	—

♦ Day's high 825.36 low 817.83

	June 1	May 25	May 18	Year ago (approx)
Ind. div. yield %	6.16	6.01	5.96	5.50

STANDARD AND POORS

	June 4	June 1	May 31	May 30	May 29	May 25	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	110.40	110.25	110.19	110.25	111.58	111.57	116.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	99.32	99.17	99.08	99.11	100.06	100.22	103.34 (10/4)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

BASE LENDING RATES

A.B.N. Bank ... 12 %	■ Hambros Bank ... 12 %
Allied Irish Banks Ltd. 12 %	■ Hill Samuel ... §12 %
Amro Bank ... 12 %	C. Hoare & Co. ... †12 %
American Express Bk. 12 %	Julian S. Hodge ... 13 %
A P Bank Ltd. ... 12 %	Hongkong & Shanghai 12 %
Henry Ansbacher ... 12 %	Industrial Bk. of Scot. 12 %
Associates Cap. Corp. 13 %	Keyser Ullmann ... 12 %
Banco de Bilbao ... 12 %	Knowsley & Co. Ltd. .. 13½%
Bank of Credit & Cmce. 12 %	Lloyds Bank ... 12 %
Bank of Cyprus ... 12 %	London Mercantile .. 12 %
Bank of N.S.W. ... 12 %	Edward Manson & Co. 13 %
Banque Belge Ltd. ... 12 %	Midland Bank ... 12 %
Banque du Rhone et de la Tamise S.A. ... 12½%	■ Samuel Montagu ... 12 %
	■ Morgan Grenfell ... 12 %
Barclays Bank ... 12 %	National Westminster 12 %
Bremar Holdings Ltd. 13 %	Norwich General Trust 12 %
Brit. Bank of Mid. East 12 %	P. S. Refson & Co. ... 12 %
■ Brown Shipley ... 12 %	Rossminster ... 12 %
Canada Perm't Trust .. 12 %	Ryl. Bk. Canada (Ldn.) 12 %
Cayzer Ltd. ... 12 %	Schlesinger Limited ... 12 %
Cedar Holdings ... 12 %	E. S. Schwab ... 13 %
■ Charterhouse Japhet ... 12 %	Security Trust Co. Ltd. 13 %
Choulartons ... 12 %	Shenley Trust ... 14 %
C. E. Coates ... 12 %	Standard Chartered ... 12 %
Consolidated Credits... 12 %	Trade Dev. Bank ... 12 %
Co-operative Bank ... *12 %	Trustee Savings Bank 12 %
Corinthian Secs. ... 12 %	Twentieth Century Bk. 13 %
Credit Lyonnais ... 12 %	United Bank of Kuwait 12 %
The Cyprus Popular Bk. 12 %	Whiteaway Laidlaw ... 12½%
Duncan Lawrie ... 12 %	Williams & Glyn's ... 12 %
Eagil Trust ... 12 %	Yorkshire Bank ... 12 %
English Transcont. ... 12 %	■ Members of the Accepting Houses Committee.
First Nat. Fin. Corp. ... 14 %	* 7-day deposits 9½%, 1-month deposits 9¾%.
First Nat. Secs. Ltd. ... 14 %	† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
■ Antony Gibbs ... 12 %	‡ Call deposits over £1,000 9½%.
Greyhound Guaranty... 12 %	§ Demand deposits 9½%.
Grindlays Bank ... ‡12 %	
■ Guinness Mahon ... 12 %	

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
HO	C	F.32.50	10	0.50	7	1.70	—	—	
IBM	C	$75	10	3⅝	—	—	—	—	$76⅛
IBM	C	$80	10	1	10	2½	—	—	"
KLM	C	F.100	26	5	25	7.50	—	—	F.102
KLM	C	F.110	26	1.40	31	3.50	—	—	"
KLM	C	F.120	53	0.50	68	1.60	—	—	"
KLM	C	F.130	—	—	4	0.70	—	—	"
KLM	P	F.100	13	3	4	5	—	—	"
KLM	P	F.110	21	8.40	6	9.50	—	—	"
KLM	P	F.120	—	—	—	—	1	17.50	"
NN	C	F.100	—	—	3	8.30	—	—	F.103.30
PET	C	Fr.4200	—	—	4	640	—	—	Fr.4740
PET	C	Fr.4600	14	200	21	350	10	380	"
PHI	C	F.25	25	0.40	—	—	21	1.60	F.23.90
PHI	C	F.27.50	—	—	65	0.50	1	0.80	"
PRD	C	$.30	—	—	10	2½	—	—	—
PRD	C	$.40	—	—	20	⅝	—	—	—
PSA	C	F.340	—	—	—	—	2	10	F.314
RD	C	F.120	10	21.40	10	22.20	—	—	F141.90
RD	C	F.135	—	—	2	8.40	—	—	"
RD	C	F.140	30	3	17	4.70	25	6.40	"
RD	C	F.145	16	1.20	—	—	—	—	"
RD	P	F.140	—	—	5	3.50	—	—	"
UM	C	Fr.900	—	—	6	23	—	—	Fr.878
UNI	C	F.125	—	—	1	4	—	—	F.123
			Aug.		Nov.		Feb.		
BA	C	$46⅝	20	⅝	1	1	—	—	$39⅜
BAZ	C	$40	—	—	20	2¾	—	—	"
BAZ	C	$45	—	—	10	1⅛	—	—	"

TOTAL VOLUME IN CONTRACTS 899

C=Call P=Put

COMMODITIES AND AGRICULTURE

Bacon importers 'plunder' UK market

BY CHRISTOPHER PARKES

PRICE-CUTTING importers are carving out a handsome share of the British bacon market. Ministry of Agriculture figures show that in the first five months of this year supplies of Dutch bacon rose almost 32 per cent. Imports from the Republic of Ireland climbed 26 per cent. Ulster sent 8 per cent more.

In the same period British supplies to the home market slipped 6 per cent and Danish imports also fell by the same amount.

"These people must be selling at below production costs," a British curer commented.

Another UK manufacturer claimed that even the Danish, who have always insisted on selling at their official listed prices, have been cutting prices.

He said he had lost one of his outlets to Danish supplies recently and had been shown an invoice pricing best Danish sides at £1,008 a tonne—£142 below the official list price quoted by the Danes.

Irish bacon can be had for £900 a tonne, compared with the list price for British bacon of £1,065.

A spokesman for the Danish importers said he would be "enormously surprised" if Danish bacon was being sold at less than the official price.

"Certainly we are getting the full price back to Denmark on all our imports," he said.

Danish shipments have been badly disrupted since the start of the year by industrial action on the UK roads, in British ports and also in Danish harbours. As a result supplies were short and unlikely to be available cheaply given the popularity of the brand.

The trade has long been buzzing with rumours of "special deals" on Danish bacon for regular customers and "under-the-table" marketing arrangements, but little evidence has emerged so far.

Officials at FMC, Britain's biggest curer with 26 per cent of home production coming from its factories, complained that the market was being "plundered" by the cut-price importers, particularly the Dutch, who have taken full advantage of the European Community MCA subsidies which help them sell here.

"I think we can live with the Danes, but we are greatly worried by the Dutch and the Irish, who can't be covering production costs if they can continue to sell at current prices," one senior official said.

Another curer said that the EEC Commission or the British Government should investigate the operations of the marketing boards and co-operatives in Holland and Ireland.

He suspected they were covering losses on their sales in the UK by charging higher prices at home in their attempts to establish themselves in Britain.

Protest to Walker

BACON INDUSTRY leaders protested to Mr. Peter Walker, Minister of Agriculture, yesterday, at the "ghastly erosion" of the UK market by imports.

Mr. Bill Newton-Clare, chairman of the Bacon and Meat Manufacturers' Association, said 3,000 jobs had been lost in the industry in the past three years and that unless "immediate and conclusive" action was taken more factories would close.

Demanding changes in the EEC monetary compensatory amount subsidy system, Mr. Newton-Clare warned that without action the UK pig industry would mov einto irretrievable decline.

The bacon trade absorbs about two-thirds of all British pig production.

Mr. Walker was also told that even if the subsidies were reduced to restore fair competition immediately, the industry would still needs funds from the Community and possibly the Government.

The cash was needed to help it repair the damage of recent years and get back on equal technological therms with the European competition.

French boost nickel

By Our Commodities Staff

THE FRENCH refiner, Le Nickel, yesterday raised its ferronickel prices by 36.5 cents a pound, effective immediately, and set off a surge in the London Metal Exchange futures market.

Interpreting the French rise as a forerunner of a more general increase in producer prices, traders were soon busy buying.

The price for three months metal touched £3,500 a tonne in the afternoon, but fell slightly under profit-taking to close at £3,485, up £147.5 on the day.

The Le Nickel increase is the first in dollar terms since the 35 cent a pound rise announced on May 3, and followed closely the announcement of the end of the eight-month strike at Inco's refinery in Sudbury, Canada.

The squeeze on nearby supplies helped boost lead prices further yesterday, taking the spot quotation up £13 to £669 at the close of trading. Three months lead was £3.5 higher at £607.25.

Aluminium prices also continued to climb, mainly on the strength of the closure of three Alcan smelters in Quebec and buying interest, mainly from Japan.

Spot aluminium was £15.5 higher at £775 and the three months position traded at £780, up £13.5, at the close.

In Canada, Noranda Mines said it was attempting to re-start negotiations to end the seven-month strike at its Gaspe Copper Mines plant, while in Santiago the Chilean copper Workers' Federation filed a demand to start wage talks with the state-owned corporation, Codelco.

Floods ruin pastures

THE Wessex Water Authority estimates htat 40,000 acres of land in Somerset have been under water in the past week. Most of that is grassland, intended for grazing or for making into silage or hay as feed for livestock next winter, and most of it has been ruined.

"Heavy deposits of silt and mud have made pastures useless either for grazing or conservation," the National Farmers' Union said.

Coffee price boom runs out of steam

BY RICHARD MOONEY

THE COFFEE price upsurge resulting from last week's Brazilian frost showed signs of running out of steam yesterday as traders began to take a calmer look at the situation.

The recent rise was maintained in early dealings when September coffee on the London futures market climbed to £1,910 a tonne.

But following a night of much warmer temperatures in the coffee growing regions values subsided in the afternoon with the September quotation sinking to £1,831 a tonne at one stage.

Early estimates put last week's frost damage at 15-20 per cent of the expected 1980-81 crop of 28m bags (60 kilos each). This would trim the crop to about this year's level and would not, by itself, create a deficit in world supplies.

Most observers had expected world coffee prices to fall if there was not frost in Brazil this year. So last week's frost damage could be seen as making this expected fall unnecessary rather than as justification for a substantial price rise.

But there is no guarantee that Brazilian coffee will escape further frost damage this season and reports from the Brazilian Air Force that a new cold front was threatening the southernmost coffee-growing state of Parana sent prices higher again in late dealings yesterday. By the close September coffee was quoted at £1,873.5 a tonne, up £15.5 on the day.

In Rio de Janeiro Sr. Octavio Rainho, president of the Brazilian Coffee Institute, said Brazil would reopen coffee export registrations when the extent of the frost damage had been fully evaluated. Care would be taken to safeguard the interests of producers without jeopardising the consumer market, he added.

The suspension was aimed at preventing excessive speculation resulting from nervousness caused by the frost, Sr. Rainho said.

Meanwhile, the London cocoa market also rose reflecting nervousness about the political situation following the coup in Ghana. September cocoa climbed to £1,755 a tonne at one time before ending the day £15.5 higher at £1,732 a tonne. Dealers said the late fall was encouraged by rumours that Ghana had been a seller in the market yesterday.

Farmers plant more wheat

BY OUR COMMODITIES STAFF

WHEAT PLANTINGS in England and Wales during 1979 are likely to be about eight per cent higher than last year, according to preliminary results of a survey of farmers conducted by the Home Grown Cereals Authority.

But the projected barley area is down three per cent and the oats area down 29 per cent. Overall cereal plantings are expected to rise 1.5 per cent.

A continued swing from spring to winter barley is indicated by the survey which shows a 14 per cent reduction in spring plantings and a 32 per cent rise in winter plantings.

But in wheat the survey indicates a modest swing in the opposite direction with spring plantings showing a 14 per cent gain and winter plantings rising by only seven per cent.

Most of the fall in oats plantings appears to be in winter varieties. Winter plantings show a 34 per cent fall, according to the survey results, with spring plantings down 19 per cent.

The Authority's survey questionnaire was sent out to some 3,600 farmers and this first analysis is based on 2,510 returns received by May 31. This represents only 10 per cent of last year's total cereal area but the authority believes the results are fairly accurate.

The HGCA noted that its survey results did not differ substantially from those extracted from the Ministry of Agriculture's December farm census which indicated an 11 per cent rise for wheat, a four per cent fall for barley and an 18 per cent decline in oats plantings.

Based on latest Ministry estimates for 1978 plantings the survey indicates a 1979 winter wheat area of 1.287m hectares, spring wheat 40m, winter barley 815m, spring barley 1.194m, winter oats 59m, and spring oats 33m.

GREEK AGRICULTURE

Many flaws in a fragile structure

BY CHRISTOPHER PARKES

THE GREEK Government has over-reached itself attempting to support and restructure its agricultural industry, according to the Organisation for Economic Co-operation and Development.

"The multitude of responsibilities assumed by the Government seem to exceed the financial and administrative means available for more rapid agricultural development, and as a result the effort has become too thinly spread," an OECD report* says.

It says price and income support is not fully effective in the livestock and fruit and vegetable industries. State spending on structural improvement is declining while processing, marketing and distribution services remain weak.

Attempts at establishing co-operatives have not been wholly successful and weaknesses in management, financing and scale of operations have made several groups over-dependent on selling to the State and on Government control, the report claims.

The main lifeline to the industry, the agricultural credit system, still depends largely on cheap funds from the Bank of Greece, and the farmers' social insurance protection schemes appear costly when compared with productive Government aids for irrigation, the report says.

New laws have been tabled, however, to relax Government controls over the co-ops to allow them greater control of their own marketing, processing and credit.

But the social insurance cover of the industry seems to present greater problems. The cost of schemes operated by the Government, largely from State funds and with only a 14 per cent contribution from the farmers themselves, are comparable with the entire regular Ministry of Agriculture budget.

The difficulties of the country's agriculture industry can be blamed on adverse natural conditions and the extent to which small-scale production units have come to the fore as a result of land reforms. These small farms could not have survived in modern conditions without considerable State aid. However, the report says, "after several decades Greek agriculture has not yet outgrown this official tutelage".

Government policy is aimed at a growth rate in agriculture of 3.5 to 4.5 per cent a year. Included in the higher projection, and ominously for the European Community, is marked acceleration in livestock and milk production.

The country is also aiming at self-sufficiency in cereals and sugar—two more problem commodities in the EEC which Greece is in the process of joining.

At the same time, output of traditional products like wine and olive oil may expand only slowly—and even decline—because of limited outlets. But whatever the national guidelines, there is still the distinct possibility that given the insurance of the Common Agricultural Policy, olive oil producers and wine growers may be tempted to retain their trees and vines and take advantage of intervention support buying for their produce.

The Government's involvement and its heavy expenditure on agriculture reflect the importance of the industry to the national economy. In recent years exports of farm produce, including cotton, have accounted for one-third of total Greek overseas trade while food imports make up only 10 per cent of total imports.

At present half Greece's agricultural exports go to the European Community, and as a member of the enlarged EEC, Greece will bring benefits with its supplies of cotton, tobacco, vegetable oils, and fresh, dried and processed vegetables. The Greeks will also buy large quantities of Community produce such as milk products and beef.

But whatever the balances and counterbalances of trade, it appears that without the most scrupulous care the structure of Greece's carefully nurtured and immature agricultural community could be seriously upset by accession to the EEC.

If national controls and management systems are to be sacrificed on the altar of the Common Agricultural Policy as laid down in the Treaty of Rome's rigid guidelines, serious social and economic upheaval could wreak havoc in the Greek countryside.

* *The Agricultural Policy of Greece. OECD, HMSO, £3.50.*

South African wool profits in jeopardy

FINANCIAL TIMES REPORTER

SOUTH AFRICA'S wool farmers were in a "cost squeeze" and unless prices increased steadily the profitability of wool farming could soon be in jeopardy, an international conference was warned yesterday.

Senator G. J. Joubert, Chairman of the South African Wool Board, told the International Wool Textile Organisation's conference in London: "We cannot expect wool production to increase—or perhaps even to remain at current levels—unless there is some expectation that future market prices will absorb rising costs and provide reasonable remuneration for the producer."

He said that the average market price realised this season was about 11 per cent higher than a year ago. This had more or less kept up with inflation and, theoretically, the profitability of wool farming had not deteriorated.

Mr. A. C. B. Maiden, the Australian Wool Corporation (AWC) chairman, told the conference wool price increases in the past four months, following the excellent climatic conditions of the past year, had encouraged a "somewhat unaccustomed buoyancy" in the Australian wool growing industry.

"Rural incomes generally have been well above those of recent years, and the gross value of rural production this year is projected to rise by 33 per cent over 1977-78

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer but below the day's highest levels on the London Metal Exchange. Forward metal opened around £888 and moved ahead to £899 following a good general demand. However, a lower than expected New York opening coupled with a report saying talk of a strike in Chile saw a price dip to £889 prior to a close on the late Kerb of £891. Turnover, 28,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	884-.5	+19.5	881-.5	+5.75
3 months	897.5-8	+17½	894-.5	+5
Settlem't	884.5	+19	—	......
Cathodes				
Cash	861-2	+18	857-9	+5
3 months	883-4	+17.5	879-80	+4.25
Settlem't	862	+16	—	......
U.S. Prod.	—	......	*91.25-3.5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £885.5, 85; three months £897, 98, 98.5, 99, 98, 97, 97.5, 98, 98.5, 98. Cathodes: Three months £882. Kerb: Wirebars: Three months £897, 96.5, 97, 96, 97.5, 97, 96.5, 96. Afternoon: Wirebars: Cash £880, 81, three months £894, 95, 95, 94.5, 94, 95, 93, 94, 93.5, 94, 94.5. Kerb: Wirebars: Three months £895, 94, 93, 90, 91.

TIN—Moved narrowly with forward metal fluctuating between £7,140 and £7,160 before closing at the late Kerb. Turnover, 1,210 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7535-40	+87.5	7480-520	—40
3 months	7180-75	+82½	7160-80	......
Settlem't	7540	+90	—	......
Standard				
Cash	7535-40	+87.5	7480-500	—50
3 months	7140-5	+77.5	7160-80	+17.5
Settlem't	7540	+90	—	......
Straits E.	$1981	—9	—	......
New York	—			

Morning: Standard: Cash £7,550, 40, 35; three months £7,160, 50, 45, 40, 45. Kerb: Standard: Three months £7,145. Afternoon: Standard: Cash £7,530, 40; three months £7,160, 70, 50. Kerb: Standard: Three months £7,155.

LEAD—Strong following influential buying of cash and the firmness of other metals which saw forward metal move ahead from £585 to a high of £610 on the late Kerb. Turnover, 13,050 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	663.4	+18	668-70	+18
3 months	604-.5	+10	607-.5	+3.5
Settlem't	664	+18	—	......
U.S. Prod.	—	......	*54-8	......

Morning: Cash £653, 63, 62, 61, 60, 59; three months £599, 600, 601, 2, 3, 4, 5, 6, 5. Kerb: Three months £605, 6. Afternoon: Three months £606, 7.5, 6, 6.5, 7. Kerb: Three months £609, 10.

ZINC—Moved ahead from £363 on the pre-market to close the late Kerb at £374.5 following the strength in other metals. Turnover, 6,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356.5-7	+7.25	362-3	+11
3 months	369-70	+8.25	373.5-4	+10.5
S'ment	357	+7	—	......
Prim.west	—	......	*39.5	......

Morning: Cash £354, 56; three months £368, 69, 68.5, 69. Kerb: Three months £370. Afternoon: Three months £373, 74. Kerb: Three months £374, 75, 74, 73.

ALUMINIUM—Firmer with the market buoyed by the Alcan force majeure and the strength of other metals. Forward metal opened around £766 and moved ahead to £781 prior to closing the late Kerb at £778. Turnover, 7,150 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	767.5-8.5	+13	774-5	+15.5
3 months	774-.5	+11.5	780-1	+13.5

Morning: Cash £768; three months £773, 75, 74, 73, 75, 74.5, 74. Kerb: Three months £774. Afternoon: Three months £778, 78, 79, 80, 79, 78, 76, 75, 76, 78, 79, 80, 79.5, 80, 81. Kerb: Three months £780, 79, 78.

NICKEL—Gained ground. After opening at £3,400 forward metal rose to £3,500 on buying fuelled by the Le Nickel increase in ferro nickel prices. However, profit-taking pared the price to £3,470 on the late Kerb. Turnover, 480 tonnes.

NICKEL	a.m Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	3480-90	+165	3480-90	+147½

Morning: Three months £3,500, 3,490, 80, 90. Afternoon: Three months £3,480, 60, 55, 80, 90, 95, 90. Kerb: Three months £3,470.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.35p an ounce higher for spot delivery in the London bullion market yesterday at 408.05p. U.S. cent equivalents of the fixing levels were: spot 849.4c, up 6.4c; three-month 869.4c, up 6.1c; six-month 889.9c, up 6.9c; and 12-month 920.1c, up 5.2c. The metal opened at 408½-409½p (850-852c) and closed at 413¾-414¾p (860-862c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	408.05p	+2.35	414.15p	+7.75
3 months	419.1p	+2.50	425.25p	+7.50
6 months	428.3p	+2.59	—	......
12 months	447.3p	+2.50	—	......

LME—Turnover 267 (233) lots of 10,000 ozs. Morning: Three months 419.5, 9.4, 9.7, 9.8, 9.7, 9.6, 9.5, 9.3, 9.5. Afternoon: Three months 420.5, 20, 20.1, 20, 24, 4.5, 4.8, 25, 5.8, 5.5, 5.3. Kerbs: Three months 425.8, 26, 25.8, 26, 25.8, 5.5, 5.2, 5.1, 25, 24.8.

COCOA

Opening on a steady note, the market traded in active conditions throughout the day, closing £15 above Monday evening, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1713-1715	+25.0	1728-1705
Sept	1731-1733	+15.5	1755-1730
Dec	1789-1790	+14.0	1808-1789
March	1802-1803	+13.0	1819-1800
May	1815-1817	+15.5	1827-1817
July	1828-1829	+15.5	—
Sep	1835-1848	+11.5	—

Sales: 4,487 (2,363) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price June 4 159.09 (155.80); indicator prices for June 5: 15-day average 154.70 (153.83); 22-day average 152.87 (152.54).

COTTON

LIVERPOOL COTTON—No spot or shipment sales were again recorded in Liverpool. With an absence of business so far this week, trading remained in very few hands. Even inquiry was virtually at a standstill and little interest was shown in the growths usually in demand.

COFFEE

Robustas opened higher again as further cold weather in Brazilian coffee growing areas, coupled with general sentiment, influenced early buying reported Drexel Burnham Lambert. In the afternoon prices fell below the previous night's close before making a sharp recovery and after another special call that was extended through to the close prices finished on a steady note up to £27 higher on the day.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1856-60	+27.0	1910-1845
September	1873-74	+15.5	1910-1851
November	1885-89	+24.5	1900-1855
January	1885-88	+14.0	1909-1870
March	1885-89	+19.5	1910-1869
May	1873-83	+15.5	1900-1882
July	1860-79	+12.0	—

Sales: 8,082 (16,132) lots of 5 tonnes.

ICO Indicator prices for June 4 (U.S. cents per pound): Other Mild Arabicas 181.00 (171.67); Robustas ICA 1976 174.00 (162.00); ICA 1968 174.50 (162.50); Colombian Mild Arabicas 185.00 (175.00); unwashed Arabicas 159.00 (same). Comp. daily ICA 1968 172.17 (164.75).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10 to 20p higher and in reasonably thin trading the market remained steady and values increased on fairly steady trade. Buying to close 30 to 45p higher on wheat to 35 to 50p higher on barley, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	91.25	+0.30	85.65	+0.40
Nov.	94.35	+0.40	89.35	+0.35
Jan.	98.20	+0.40	93.20	+0.40
Mar.	101.50	+0.35	96.55	+0.35
May	104.90	+0.45	99.85	—0.45

Business done—Wheat: Sept. 91.30-91.15, Nov. 94.40-94.15, Jan. 98.30-98.15, March 101.55-101.50, May 104.95-104.90. Sales: 145. Barley: Sept. 85.55-85.50, Nov. 89.40-89.25, Jan. 93.25-93.15, March 96.60-96.55, May 99.80-99.00. Sales: 179.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June 90.75, July 90.75, Aug. 91.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French June 111.25, July 112, transhipment East Coast. South African White unquoted. South African Yellow June 78.00 nominal. Barley: English feed fob Aug. 86.50-87.50, Sept. 87.50, Oct./Dec. 90.75, transhipment South Coast.

HGCA—Location ex-farm spot prices. (Insufficient business to warrant a report.)

The UK monetary coefficient for the week beginning June 11 (based on HGCA calculations) is expected to decrease to 1.183.

EEC IMPORT LEVIES—The following levies and premiums are effective for June 6 in order current levy plus July, Aug. and Sept. premiums, with previous in brackets. All in units of account per tonne. Common wheat: 95.16, nil, nil, 0.77 (96.29, 0.19, 0.19, 0.57). Durum wheat—146.99, rest nil (146.99, rest nil). Rye—101.94, rest nil (101.94, rest nil). Barley—100.06, rest nil (100.06, rest nil). Oats—98.00, rest nil (98.00, rest nil). Maize (other than hybrid for seeding)—88.92, rest nil (88.92, rest nil). Buckwheat—6.38, rest nil (6.98, rest nil). Millet—89.67, rest nil (89.67, rest nil). Grain sorghum—98.10, rest nil (98.10, rest nil). Flour levies—Wheat or mixed wheat and rye flour: 149.00 (149.80). Rye flour—157.49 (157.49).

SOYABEAN MEAL

The London market opened around unchanged. With Commission House buying the market remained steady, reported T. G. Roddicks. Late in the session the market sold off on firmer sterling.

	Yesterday Close £ per tonne	+ or —	Business Done
June	123.50-23.7	—0.15	124.00-123.00
August	125.00-25.2	—0.15	125.60-125.10
October	126.80-27.0	—0.40	127.20-126.70
December	126.60-27.1	+0.10	127.20-127.80
February	127.50-28.5	—1.00	—
April	128.50-30.0	—1.50	—
June	128.50-31.0	+0.75	—

Sales: 118 (92) lots of 100 tonnes.

RUBBER

SLIGHTLY STEADIER opening on the London physical market, little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 314 (309) cent a kilo (nominal buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	66.70-64.50	64.90-65.25	—
Aug	64.50-64.90	65.50-65.70	65.00
Jy-Sept.	64.60-64.85	65.40-65.55	65.86-64.70
Oct-Dec	68.85-66.90	67.40-67.50	68.00-66.30
Jan-Mar	68.70-68.75	69.35-69.40	69.95-68.40
Apr-Jne	70.40-70.50	71.20-71.50	71.70-70.20
Jy-Sept.	72.50-72.50	73.05-75.10	—
Oct-Dec	74.45-74.60	74.95-75.10	74.60-74.45
Jan-Mar	76.50-76.60	77.10-77.15	76.60-76.45

Sales: 1 (nil) lots of 5 tonnes. 360 (247) at 15 tonnes.

Physical closing prices (buyer) were Spot 63.75 (64.25); July 67.85p (68.25); Aug. 67.85p (68.25).

SUGAR

LONDON DAILY PRICE (raw sugar): £101.00 (£98.00) a tonne cif for May-June shipment. White sugar daily price was £107.00 (£105.00).

First traded price in August was £109.50 but sellers quickly offered down and this position quickly fell by up to 200 points before buyers predominated and prices recovered somewhat. Later the market attempted to rally but renewed trade selling and long liquidation blunted the recovery, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	108.05-08.20	109.25-09.35	109.75-05.60
Oct	112.50-12.55	110.50-10.40	113.80-10.25
Dec	116.50-16.40	114.20-14.30	117.55-14.20
March	120.60-20.70	118.55-18.40	121.00-19.00
May	125.35-25.40	121.25-21.40	125.25-21.50
Aug	127.00-27.25	125.00-25.15	126.75
Oct	130.00-31.00	128.25-28.50	—

Sales: 4,044 (2,144) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171.50 (£167.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 4. Daily price 7.83 (7.72); 15-day average 7.79 (7.80).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 107.50, 108.00, 109.25-107.50, 145; Sept. 112.25, 112.35, 113.25-112.00, 149; Nov. 114.95, 115.00, 115.00-113.00, 105; Feb. 121.50, 121.75, 121.75-121.40, 4; April 124.00, 124.90, 124.25, 10; July 128.00, 128.75, 128.25, 10; Sept. 131.00, 133.00, nil, nil. Sales: 460.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 5: GB—Cattle, 87.50p per kg lw (+3.97). UK—Sheep, 182.2p per kg est dcw (—13.0). GB—Pigs, 56.3p per kg lw (—1.1). England and Wales—Cattle numbers down 12.5 per cent, average price 87.12p (+3.24). Sheep numbers down 17.2 per cent, average price 182.1p (—12.9). Pig numbers down 14.0 per cent, average price 55.8p (—1.1). Scotland—Cattle numbers down 16.5 per cent, average price 88.62p (+6.07). Sheep numbers down 41.7 per cent, average price 191.8p (—3.0). Pig numbers down 15.4 per cent, average price 60.7p (—0.31).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Eire hindquarters 82.0 to 85.0, forequarters 40.0 to 43.0. Veal: English fats 75.0 to 84.0; Dutch hinds and ends 98.0 to 104.0. Lamb: English small 76.0 to 90.0, medium 79.0 to 88.0; Imported frozen: New Zealand PL 52.0 to 52.5, PM 51.0 to 51.5. Hoggets: English 50.0 to 64.0; Scottish 50.0 to 64.0. Pork: English, under 100 lb 34.5 to 44.0, 100-120 lb 34.5 to 42.5, 120-160 lb 34.0 to 41.5, 160-180 lb 33.0 to 38.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cypriot: 5.00-5.80; Brazilian: 4.50-5.00; S. African: Navels 4.20-5.40. Lemons—Italian: 100/120s 4.90-6.00; Spania: Trays 30/40/45 1.80-2.20; S. African: 5.00-6.20; Brazilian: Trays 2.80. Grapefruit—Cypriot: 4.00-4.80; Israeli: Jaffa 55/88 4.00-4.50; S. African: 32/64 3.60-4.33. Apples—S. African: Granny Smith 6.80-7.30, White Winter Pearmain 5.00-5.50, Starking 5.60-6.40, Golden Delicious 6.40-7.00; New Zealand: Cox's Orange Pippins 7.50-8.50, Golden Delicious 7.00; Tasmanian: Jonathans 5.50-5.60, Cox's Orange Pippins 7.00-8.30, Golden Delicious 4.60-4.80; W. Australian: Granny Smith 6.50-6.80; Washington: Red Delicious per box 8.00-10.00; French: Golden Delicious 72 2.20-2.50, 84 2.20-2.30, jumble pack per pound 0.08-0.10; Italian: Golden Delicious per pound 0.07-0.08, Rome Beauty 0.07; Dutch: Golden Delicious jumble pack 22 lb 1.40-1.50. Pears—S. African: Cartons Beurre Bosc 6.80-7.00, Packham's 8.50, Nohs 6.80. Bananas—Jamaican: Per 28 lb 4.20-4.40. Grapes—S. African: Cartons, Barlinka 5.00, New Cross 6.40, Golden Hill 6.50, Emperor 5.00, Almeria 7.00; Israeli: Perlette 5.00. Peaches—Spanish: C/Bs 4.00-5.00. Apricots—Spanish: 2.50-3.50. Strawberries—Italian: Approx. ½-lb punnets 0.25-0.27. Cherries—French: 0.35-0.40 per pound; Cypriot: 0.60; Italian: 0.40-0.45. Avocados—S. African: 2.80-3.00. Onions—Dutch: 2.40-3.30; Chilean: 4.50; Canary: 4.50; Israeli: 4.20-4.30; Texas: 4.50; Spanish: 3.50. Tomatoes—Jersey: Per tray 3.80; Dutch: 3.60-3.80; Guernsey: 3.60-4.00. Cabbages—Dutch: White, net 5.00-5.50. Potatoes—Egyptian: 50 lb 4.50-4.70; Cypriot: 5.70; Jersey: Per pound 0.12; Greek: 4.00-4.30; Italian: 4.60; Spanish: Majorcas 6.00; Israeli: 4.40; Brittany: 3.60. Capsicums—Canary: 5 kg 3.00-3.50; Spanish: 6 kg 4.00. Carrots—Cypriot: 10 kg 3.00-3.20; Italian: approx. 22 lb 3.00-3.20; Texas: Per pound 0.17; French: 12 kg 4.00. Asparagus—Californian: Per pound 0.90-1.00; Hungarian: 0.80.

English Produce: Potatoes—New crop per pound 0.12, old crop per 25 lb 2.00-3.10. Lettuce—Per 12 round 0.80-1.00, Cos 2.00. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.04-0.09. Beetroot—Per 28 lb 1.00, long 1.80. Carrots—Per 28 lb 1.80-3.20. Onions—Per 28 lb 2.50-3.40. Rhubarb—Per pound outdoor 0.03-0.05. Tomatoes—Per 12 lb 3.40-3.80. Cucumbers—Tray 9/13s 2.00-2.60, prepack 2.80-3.40. Cauliflowers—12s 4.00-5.00. Spring Greens—Per crate Kent 0.80-1.20. Asparagus—Per pound 0.50-0.70. Celery—Boxes 12/30s 3.50-4.50. Strawberries—Per ¼ lb 0.20-0.25.

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GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) pounds per stone: Shelf cod 4.00-5.20; codlings 3.00-3.80; large haddock 4.50-5.40, medium 3.80-4.40, small 2.60-3.40; medium plaice 4.00-5.40, best small 3.50-4.20; large skinned dogfish 8.00, medium 4.70; large lemon soles 7.00, medium 6.00; rockfish 2.20; reds 2.30-3.30; saithe 2.20-2.80.

*

HIDES—Birmingham: Little changed. Second clear ox 31-35.5 kg, 97p a kg (97p); 26-30.5 kg, 97p a kg (97p); 22-25.5 kg, 102p a kg (103p). Light cows, 98p withdrawn (95p withdrawn).

JUTE

JUTE—Steady. June/July c and f Dundee: BEC £256, BWD £238, BTC £264, BTD £240; c and f Antwerp: June BWB $560, BWC $532, BWD $497, BTB $583, BTC $545, BTD $504. Jute goods firm: c and f Dundee: July 40-in 10-oz £12.85, 40-in 7.5-oz £9.81, B twills £35.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 5 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710
Free Mkt (as)	$1585/615	+40.0	$1,580/60
Copper			
Cash w'bar	£881.25	+5.75	£931.5
3 mth „	£894.75	+5.0	£938.25
Cash Cathode	£858	+5.0	£921.75
3 mth „	£879.5	+4.25	£930.5
Gold troy oz	$279.125	+4.0	$247.625
Lead cash	£669	+13.0	£561
3 mth	£607.25	+3.5	£525.75
Nickel	£3117.62	......	£2,728.75
Freemkt(cif)(lb)	320/60c	+30.0	270/310c
Platin'm tr'y oz	£171	......	£171
Free mkt	£208.85	+0.90	£199.59
Quicksil'ver	$336/45	......	$285/95
Silver troy oz	408.05p	+2.35	399.5p
3 months	419.1p	+2.50	410.1p
Tin cash	£7,490	—50.0	£7,415
3 mths	£7,170	+17.5	£7,157.5
Tungsten	$137.52	......	$135
Wolfrm 22.04 cif	$142/46	......	$135/40
Zinc cash	£362.5	+11.0	£376.75
3 months	£373.75	+10.5	£389.25
Producers	$845	......	$800
Oils			
Coconut (Phil)	$1,060x	+20	$1,125
Groundnut	‡	......	‡
Linseed Crude	£386	......	£404
Palm Malayan	$657p	—7	$669
Seeds			
Copra Philip	$712.5z	+2.5	$667
Soyabean (U.S.)	$310.5	—1.1	$304.5
Grains			
Barley Futures	£89.35y	+0.55	£88.2
Maize			
French No 3 Am	£111.25	......	£111
Wheat			
No. 1 Red Spg	‡	......	‡
No2HardWint	‡	......	‡
Eng. Milling †	£107.5x	......	£104.5
Other commodities			
Cocoa ship't	£1,805	+25	£1,647
Future July	£1,752	+15.5	£1,577
CoffeeF't'rJuly	£1,873.5	+15.5	£1,563.5
Cotton A'index	75c	+0.5	75c
Rubber kilo §	63.75	—0.5	59.75p
Sugar (Raw)	£101	+3.0	£98.5
Wooltp's 64s kl	279p	......	285p

* Nominal. † New crop. ‡ Unquoted. *p* August. *r* July. *s* July-Aug. *t* June-July. *u* June. *w* Sept. *y* Nov. *x* Per ton. *z* Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK. June 5.

Cocoa—July 154.80 (153.80), Sept. 157.85 (157.00), Dec. 160.75, March 162.00, May 163.05, July 164.05.

Copper—June 80.40 (79.80), July 80.80 (80.30), Aug. 81.35, Sept. 81.90, Dec. 83.00, Jan. 83.20, March 83.70, May 83.95, July 84.15, Sept. 84.35, Dec. 84.60, Jan. 84.65, March 84.75.

*Gold—June 279.40 (275.50), July 281.50 (277.70), Aug. 283.90, Oct. 288.70, Dec. 293.50, Feb. 298.30, April 303.10, June 307.90, Aug. 312.70, Oct. 317.50, Dec. 322.30, Feb. 327.20, April 332.10.

Potatoes (round whites)—Nov. 63.3: 63.2), March 73.0 (72.6), April nil, May 88.3.

*Platinum—June 430.00 (427.90), July 430.30 (427.90), Aug nil, Oct. 430.50, Jan. 432.30, April 434.70, July 437.20, Oct. 439.70, Jan. 442.20.

¶Silver—June 857.8 (855.5), July 863.0 (861.5), Aug. 870.4, Sept. 877.8, Dec. 897.2, JJan. 902.9, March 914.5, May 926.1, July 937.8, Sept. 949.5, Dec. 967.7, Jan. 973.6, March 985.3. Handy and Harman spot 861.10 (845.00).

Tin—689.00-715.00 asked (695.00-718.00).

CHICAGO. June 5.

Lard—Chicago loose 25.00 (25.25). New York prime steam not available.

Live Cattle—June 69.55-69.80 (69.55), Aug. 66.80-66.95 (66.65), Oct. 65.30-65.40, Dec. 65.07-66.05, Jan. 66.50 bid, Feb. 67.30-67.20, April 67.40 asked, June 68.80 bid, Aug. 68.70 bid, Oct. 67.55 bid. Sales, 45,373.

Live Hogs—June 42.15-42.25 (43.92), July 42.30-42.15 (42.55), Aug. 39.20-22.15, Oct. 36.40-36.25, Dec. 37.20-37.00, Feb. 37.70, April 36.70, June 39.47, July 39.47. Sales, 8,077.

§§Maize—July 268½-268 (269¾), Sept. 271¾-272 273¼), Dec. 275-275½, March 283½, May 288¼-288¾, July 292.

Plywood—July 196.1-196.0 (196.7), Sept. 197.6 (197.8), Nov. 197.2-197.0, Jan. 198.2, March 200.8 asked, May 201.7 asked, July 202.1, Sept. 202.1, Nov. 202.3.

Pork Bellies—July 43.45-43.30 (43.67), Aug. 41.30-41.50 (41.70), Feb. 44.25-44.30 bid, March 44.20 bid, May 44.35 bid, July 45.90, Aug. 44.30 asked. Sales, 7,283.

Shell Eggs—June 54.55 (54.25), July 57.00 (57.20), Aug. nil, Sept. 59.65-59.50, Oct. 57.40 bid, Nov. 61.00, Dec. 62.60. Sales: 292.

Silver—June 866.0-866.5 (857.5), July 869.0 (861.0), Aug. 873.0-874.0, Oct. 885.0, Dec. 900.0-901.0, Feb. 912.0, April 923.5, June 934.0, Aug. 945.5, Oct. 957.0, Dec. 969.0, Feb. 981.0, April 993.0, June 100.55, Aug. 101.80, Oct. 103.10, Dec. 104.40, Feb. 105.70, April 107.00.

‡Soyabeans—July 735-734½ (738), Aug. 740½-741 (743½), Sept. 735½, Nov. 729-728, Jan. 738½-739, March 750½-750, May 757½, July 762½.

‖Soyabean Meal—July 196.50-196.60 (196.80), Aug. 198.50-198.60 (198.70), Sept. 199.70, Oct 198.50, Dec. 200.00-199.90, Jan. 201.30-201.40, March 204.00, May 205.00-205.80, July 206.00.

Soyabean Oil — July 25.65-25.68 (25.84), Aug. 25.62-25.85 (26.00), Sept. 26.00, Oct. 25.90, Dec. 25.90-25.85, Jan. 25.90, March 26.95, May 26.10, July 26.05, Aug. 25.95-26.10.

‡Wheat—July 373½-374 (371¼), Sept. 378¾-378¼ (376), Dec. 389¼-389½, March 398½, May 398¼, July 393½.

WINNIPEG. June 5. §Rye—July 114.30 (112.70 bid), Oct. 112.80 asked (111.40), Dec. 109.40 asked, May 110.60 asked.

§Barley—July 93.30-93.50 (95.40), Oct. 92.20 (93.60), Dec. 89.70, March 89.60 bid, May 90.10 bid.

§Oats—July 92.40 bid (94.10), Oct. 80.40 (81.80 bid), Dec. 88.10 asked, March 86.50 bid, May 88.00 asked.

§Flaxseed—July 323.00 bid (322.80 bid), Oct. 315.10 asked (314.30 asked), Nov. 308.00 bid, Dec. 301.10 bid, May 302.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 197.60 (197.00).

EUROPEAN MARKETS

ROTTERDAM. June 5.

U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent July $177. U.S. Hard Winter Wheat ordinary, unquoted. U.S. No. 2 Red Winter Wheat, June $168, July $166, Aug. $166, Sept. $168, Oct. $171. U.S. No. 2 Northern Spring Wheat 14 per cent June $170, July $170.50, Aug. $170, Sept. $171, Oct. $175, Nov. $178.

Maize—U.S. No. 3 Corn Yellow April $136, June $134.50, July $135, Aug. $136.50, Sept. $137.50, Oct./Dec. $138.50, Jan./March $144.50.

Rye—Oats unquoted.

Sorghum—U.S. Plate afl $119.50, spot $123, June $122.50, July $124, Aug. $126.

Barley—1/2 Canada feed unquoted.

PARIS. June 5.

Cocoa (FFr per 100 kilos)—July 1,545 bid, Sept. 1,600/1,603, Dec. 1,621/1,630, March 1,625/1,645, May 1,630 bid, July 1,630 bid. Sales at call 10.

Sugar (FFr per 100 kilos)—July 965/975, Aug. 982/983, Oct. 1,017/1,020, Nov. 1,015/1,020, Dec. 10,45/1,053, March 1,075/1,085, May 1,095/1,105, July 1,105/1,125. Sales at call, 15.

INDICES

FINANCIAL TIMES

June 4	June 1	M'nth ago	Year ago
291.02	294.93	268.44	252.72

(Base: July 1, 1952=100)

MOODY'S

Jnne 4	June 1	M'nth ago	Year ago
1070.1	1066.1	1052.4	920.5

(December 31, 1931=100)

DOW JONES

Dow Jones	June 4	June 1	Month ago	Year ago
Spot	406.51	394.43	318.45	357.36
F'tur's	407.13	402.62	392.44	357.74

(Average 1924-25-26=100)

REUTERS

June 5	June 4	M'nth ago	Year ago
1583.7	1574.9	1556.4	1517.7

(Base: September 18, 1931=100)

WOOL FUTURES

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Micron Contract: July 393.0, 395.0, 394.0-393.0, 31; Oct. 401.5, 402.0, 402.5-401.8, 37; Dec. 402.5, 403.5, 403.5-403.0, 50; March 406.5, 408.0, 406.5-406.5, 3; May 408.0, 409.0, 409.0-409.0, 5; July 412.0, 415.0, nil, nil; Oct. 415.0, 417.0, nil, nil; Dec. 418.0, 422.0, nil, nil. Sales: 126.

LONDON GREASY—Close (in order buyer, seller—no business done). July 220.0, 230.0; Oct. 220.0, 235.0; Dec. 220.0, 240.0; March/May/July/Oct./Dec. 230.0, 240.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller—no business done). July 197.0, 200.0; Oct. 196.0, 202.0; Dec./March/May/July/Oct./Dec. 203.0, 209.0.

C. Index Limited. 01-351 3466. Three-month Gold 284.2-287.4
29 Lamont Road, London, SW10 0HS.
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CORAL INDEX: Close 508-513

INSURANCE BASE RATES
† Property Growth 11¼%
† Vanbrugh Guaranteed 11%
† Address shown under Insurance and Property Bond Table.

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Further call on investment funds adds to equity malaise while banking statistics cause uneasiness in Gilts

Account Dealing Dates

Option First Declarations	Last Dealings	Last Declarations	Account Day
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10

* "New time" dealings may take place from 9.30 am two business days earlier.

Another sizeable call on funds available for equity investment, in the form of Grand Metropolitan's intentions to raise £80½m by way of a rights issue, added to the prevailing adverse influences weighing on market sentiment. Leading shares were thus defensively lowered at the opening yesterday on the Grand Metropolitan announcement in anticipation of prospective selling. However, little developed and values did no more than hover around the slightly cheaper levels.

Government stocks, meanwhile, became unsettled awaiting the latest banking statistics but losses in the section were reduced despite concern about Friday's trade returns for the February/April period. Confirmation that the increase in the banking sector's eligible liabilities was at the top end of market estimates disappointed, however, and quotations soon reverted to the day's lowest with the longer maturities ending with falls extending to ½.

A limited interest occurred in situation and other selected secondary equities but the scene overall reflected the continuing wait-and-see attitude of investors in regard to the Chancellor's budget proposals next Tuesday. The FT 30-share index was 2.6 off at the first calculation, 3.0 easier at 3 pm and finally only 1.6 lower at 509.3 with about a half of the closing fall accounted for by the reaction in Grand Metropolitan which, after opening 10p down, steadied to settle 8 cheaper on balance at 143p.

American buying coupled with a certain amount of London interest found the market in South African Gold shares particularly short in the after-hours' trade and prices went ahead accordingly. Some of the less popular and smaller-priced issues scored impressive gains extending to 70p and the FT Gold Mines index mirrored the overall firmness with a rise of 8.9 to 203.2.

Late arbitrage demand inspired by activity in South African Gold shares took rates for investment currency higher and the premium closed a net ½ up at 52 per cent. after 51 per cent. Yesterday's SE conversion factor was 0.8238 (0.8260).

Interest in Traded Options remained at a low ebb although the closing number of contracts completed, at 539, was an improvement on the previous day's 417. Just over a half of yesterday's business was transacted in three stocks, Land Securities recording 93 deals, while Marks and Spencer and BP accounted for 91 and 86 respectively.

Natwest better

A firmer trend developed in the major clearers following the reported denial from NatWest of fund-raising plans and the latest bank lending figures helped push prices higher. NatWest ended 8 up at 350p, while Barclays, 468p, Lloyds, 328p, and Midland, 410p, all closed 6 up. Elsewhere, selected merchant banks made modest progress; Schroders firmed 10 more to 540p, and Hambros retrieved 2 to 278p. News that a subsidiary has sold its 40 per cent interest in Nigeria Merchant Bank to United Bank of Africa left UDT a penny better at 47p.

Insurances repeated the previous day's narrow irregular pattern. Minet hardened 3 to 140p, while C. E. Heath cheapened that much to 210p.

Breweries closed a shade easier in places after quiet trading, losses of a penny or so being marked against Allied, 95p, Guinness, 183p, and Whitbread "A," 128p.

The majority of Building issues held close to overnight levels in a small two-way business, but Brown and Jackson continued to attract support and put on 23 for a two-day gain of 42 to 228p. Buying in thin markets was responsible for respective rises of 8 and 7 in Marshalls (Halifax), 160p, and May and Hassell, 87p, and Howard Shuttering added 2 to 22p for a like reason. Burnett and Hallamshire, annual results June 20, firmed 5 to 370p and in front of today's preliminary results Armitage Shanks hardened a penny to 79p.

A small business was transacted in ICI which firmed 2 to 377p, after 374p. Late interest prompted a gain of 4 to 270p in Fisons, while Carless Capel improved 2 to 41p in response to the satisfactory annual profits. Buyers again supported British Benzol which added 2 to 47p, after 47½p.

Lee Cooper rise

Secondary Stores moved higher in places particularly Lee Cooper which jumped 13 to 278p on a resurgence of speculative buying in a thin market. Still reflecting bid hopes, Moss Bros. added 10 more to 290p, while Bambers put on 4 to 160p and Executex 3 to 72p. Comment on the good interim results helped Martin the Newsagent improve 4 more to 274p and Selincourt edged forward a penny to 29p in response to the chairman's confident forecast for the current year. Dealings in Hardy (Furnishers), 147p, and the "A," 110p, were suspended at the company's request; later an announcement revealed that the group is renegotiating with Harris Queensway and that the outcome will probably lead to the latter further increasing its offers.

In Shoes, Stylo dipped 3 more to 132p on further consideration of the chairman's reported bid denial.

Annual results below market expectations prompted marked dullness in Muirhead which fell away to 253p before rallying to settle at 256p, down 14 on balance. Elsewhere in Electricals, further demand ahead of preliminary figures expected shortly left Sound Diffusion up 7 more at 130p. Electronic Rentals were also in demand and put on 6 to 210p, while Farnell, 560p, and Ferranti, 416p, improved 5 and 10 respectively. GEC touched 396p before closing 5 off on the day at 398p.

Leading Engineers fluctuated narrowly before ending little altered on balance. Renewed demand which gave rise to takeover talk left Baker Perkins 4 to the good at 162p, after 166p. Averys improved 6 to 262p and Acrow a similar amount to 128p, while Lilleshall responded to the increased dividend and profits with a rise of 3 to 40p. Occasional support left Vosper 3 to the good at 238p and Yarrow 5 firmer at 380p. Mining Supplies rallied 3 to 110p. In contrast, sporadic offerings prompted a loss of 4 to 174p in Jones and Shipman, while Capper-Neill eased 3 to 70p.

Among Foods, Northern improved 2 to 126p in response to the annual results. Elsewhere, small interest in a thin market prompted a gain of 16 to 250p in Bernard Matthews.

The widely rumoured finance-raising operation announced with the interim results left Grand Metropolitan 8 cheaper at 143p, after 141p. An iintial sympathetic reaction of 4 occurred in Trust Houses Forte, but the price steadied at 164p for a net fall of 2. Brent Walker, annual results tomorrow, declined 3 further to 94p.

Scoteros pleases

Interest in miscellaneous Industrials centred around secondary issues. The sharply higher annual profits which accompanied details of the proposed £1m rights issue helped Scotcros jump 16 to a 1979 peak of 92p, while Sketchley rose 10 to 207p in response to the impressive preliminary figures. Around 5 easier in front of the preliminary results, De La Rue were marked down to 460p in initial reaction to the disappointing profits before rallying to close 11 up on balance at 488p on consideration of the accompanying statement on dividend policy. Neil and Spencer continued firmly at 204p, up 8, while Valor revived with a rise of 4 to 89p on buying in a thin market ahead of preliminary results due on June 14. Ricardo improved 8 further to 350p as did ICL to 485p, while Lawtex firmed 5 to 68p. William Press touched 22p before closing only a penny cheaper on balance at 25p in reaction to notification of intended prosecutions by the Inland Revenue for alleged tax offences. The leaders again displayed no set trend in quiet trading with Unilever up 4 at 612p but Pilkington that much lower at 350p.

Occasional improvements were recorded in selected Motor Components. Dowty picked up 4 to 335p and, still reflecting Press comment, Kwik-Fit added 2½ more to 63p. Among Garages, Tate of Leeds encountered small scrappy selling and eased 3 to 121p, but Henlys were marked fractionally higher to 119p following acquisition news.

Properties presented mixed price changes. A broker's sell recommendation clipped 7 from Land Securities to 299p. Press suggestions of a possible bid from MEPC, a penny cheaper at 169p, prompted a gain of 3 to 72p in Law Land. Town and City also benefitted from newspaper mention and firmed ¾ to 20p, while Great Portland Estates, 294p, and Stock Conversion, 378p, both recovered the previous day's falls of 4. Continued demand in a thin market lifted Carrington Investments 5 for a two-day gain of 20 to 135p, but Bernard Sunley, at 365p, relinquished 3 of Monday's rise of 18 that stemmed from a revival of bid rumours.

Oils good again

Despite a fairly low level of business, Oil shares moved ahead strongly. British Petroleum were well to the fore again with a fresh rise of 30 to 1,198p. Shell, held back recently by U.S. selling, hardened 2 to 380p. Ultramar advanced 10 further to 304p, while Lasmo issues continued strongly, the ordinary rising 14 more to 244p and the OPS 25 to 805p.

Trusts presented a narrowly mixed appearance. Dealings resumed in Debenture Corporation at 100p compared with the suspension price of 91p following the revised offer from the Airways Pension Scheme. View Forth Investment gained 5 to 77p in the late dealings on news of the proposed amalgamation with the Crescent Reserves Fund. Among Financials, Britannia Arrow hardened a penny to 21½p in response to Press mention, but the chairman's forecast of a difficult year ahead prompted selling of Charterhouse which fell 6 to 70p.

Shippings passed a lively session. Lofs closed ½ dearer at 48½p, after 49p, following the return to the dividend list and encouraging remarks about future trading. Ocean Transport improved 4½ to 100p, while Reardon Smith gained 7 to 107p and Walter Runciman 5 to 71p. Renewed speculative demand left Hunting Gibson 10 higher at 240p and Furness Withy advanced 11 to 281p, the latter awaiting further developments in the KCA/Eurocanadian board situation.

Among the scattered gains in Textiles, Tern Consulate encountered support at 71p, up 3, along with Sunbeam Wolsey, 2 higher at 73p. Disappointment with the annual results, however, left Parkland "A" unaltered at 84p, after 87p.

Among quietly firm plantations, Warren improved 3 more to 136p ahead of tomorrow's preliminary results.

Golds surge ahead

After registering good gains for most of the day owing to a strong overnight American demand, a rise in the Financial Rand and the buoyant bullion price, South African Golds surged ahead in the late after-hours' trade following a fresh burst of U.S. buying.

The Gold Mines index advanced 8.9 to 203.2—its best level since August 14 last year—while a 6.9 rise in the ex-premium index to 167.4 pushed that up to its highest since October 23, 1975.

Heavyweights showed gains of up to £1¼ as in West Driefontein, £29, while rises of ¾ were common to Free State Geduld, £15¾ and Western Holdings, £19¼. Medium and lower priced issues showed East Rand Proprietary 63 higher at 478p, East Driefontein a like amount up at 903p, Southvaal 36 better at 686p and East Daggafontein 9 to the good at 38p.

The strength of Golds and the Financial land resulted in a good demand for South African Financials, notably Anglo American, 15 higher at 431p, and De Beers, 10 better at 437p.

In Central Africans Falcon Mines continued to forge ahead reflecting the recent handover of power in Rhodesia and the buoyancy of the bullion price; the shares added 15 more to a 1979 high of 310p.

Metals Exploration were notably weak in a quiet Australians section with the shares finally 8½ lower at 63p, after 62p, following news that Mid-East Minerals had acquired a near 22¼ per cent stake in the company; the latter hardened to close at 24p.

Elsewhere, in a subdued Tins section Geevor Tin were marked down 5 to 145p following the results and proposed rights issue.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1050	168	5	196	–	–	–	1194p
BP	1200	60	4	104	3	146	–	"
BP	1300	17	4	54	–	102	70	"
Com. Union	160	6	–	10	15	14	–	154p
Cons. Gold	220	40	14	48	–	–	–	254p
Cons. Gold	240	22	21	35	–	39	–	"
Cons. Gold	260	11	3	19	5	28	–	"
Cons. Gold	280	6	–	12	–	18	1	"
Courtaulds	110	4½	1	9	1	12	1	104p
GEC	330	80	1	92	–	–	–	397p
GEC	360	52	5	67	–	–	–	"
GEC	390	29	–	47	–	67	4	"
GEC	420	13	15	31	1	47	–	"
GEC	460	4	25	16	20	34	5	"
Grand Met.	140	12	10	17	–	27	6	142p
Grand Met.	160	4½	15	12	30	19	–	"
Grand Met.	180	1½	–	5½	2	12	–	"
ICI	390	11	1	21	–	30	–	375p
Land Secs	300	14	20	33	–	50	–	299p
Land Secs	330	4	73	16	–	31	–	"
Marks & Sp.	110	12	33	18	–	23	–	115p
Marks & Sp.	120	6	20	12	–	17	–	"
Marks & Sp.	130	2½	38	7	–	14	–	"
Shell	300	91	11	96	–	–	–	379p
Shell	325	44	7	51	–	59	–	"
Shell	375	26	11	35	1	50	–	"
Shell	400	16	16	26	5	40	–	"
Totals			363		83		87	
		August		November		February		
BOC Intl.	80	5	–	7½	–	9½	5	78p
EMI	100	20	–	23	–	34	1	105p
EMI	120	7	–	13	4	23	–	"
RTZ	330	14	3	30	3	41	–	309p
Totals			3		7		6	

FINANCIAL TIMES STOCK INDICES

	June 5	June 4	June 1	May 31	May 30	May 29	A year ago
Government Secs.	72.60	72.93	72.91	72.91	72.93	72.70	[illegible]
Fixed Interest	75.01	75.20	75.20	75.16	75.14	74.98	[illegible]
Industrial	509.3	510.9	513.5	513.6	511.6	516.0	[illegible]
Gold Mines	203.2	194.3	195.3	195.3	189.8	197.6	[illegible]
Gold Mines(Ex-$ pm)	167.4	160.5	161.4	162.9	155.9	159.5	[illegible]
Ord. Div. Yield	5.77	5.76	5.76	5.76	5.80	5.75	[illegible]
Earnings, Yld. % (full)	15.24	15.26	15.27	15.30	15.35	15.46	[illegible]
P/E Ratio (net) (*)	8.40	8.39	8.39	8.37	8.28	8.50	[illegible]
Total bargains	15,864	16,077	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	67.55	91.20	85.56	62.66	63.94	[illegible]
Equity bargains total	—	10,914	14,398	17,694	12,567	13,380	[illegible]

10 am 508.3. 11 am 508.9. Noon 508.4. 1 pm 508.2. 2 pm 508.3. 3 pm 507.5.
Latest Index 01-246 8026.
*Nil=8.08.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (4/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (16/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (14/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	203.2 (5/6)	129.9 (17/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	167.4 (5/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	June 4	[illegible]
—Daily		
Gilt Edged	90.7	[illegible]
Industrials	181.1	[illegible]
Speculative	22.5	[illegible]
Totals	76.8	[illegible]
5-dy Av'rge		
Gilt Edged	93.8	[illegible]
Industrials	153.5	[illegible]
Speculative	39.7	[illegible]
Totals	93.9	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (93)

CANADIANS (1): Gulf Oil Can.
BUILDINGS (6): Brown & Jackson, Finlan (J.), Burnett & Hallamshire, Mallinson-Denny, Countryside, May & Hassell
CHEMICALS (3): British Benzol, Norsk Hydro, Halstead (J.)
STORES (2): Moss Bros., Stanley (A. G.)
ELECTRICALS (2): Forward Technology, Sound Diffusion
ENGINEERING (10): Brit. Aluminium, Folkes (J.) Hefo N.V., Bromsgrove Casting, Hawthorn Leslie, Clayton Son, Mining Supplies, Concentric, Moss Engineering, Evered, Vosper
FOODS (2): Hillards, Somportex
INDUSTRIALS (19): Berwick Timpo, Lep Group, [illegible]
LEISURE (1): Scottish TV A
MOTORS (1): Kwik-Fit
PROPERTY (4): Avenue Close, County & District, Carrington Inv., Lon. Shop Prop.
SHIPPING (4): Hunting Gibson, Lyle Shipping, Lon. & O'seas Freighters, Reardon Smith
TEXTILES (1): Vita-Tex
TRUSTS (3): [illegible]
OILS (4): [illegible]
OVERSEAS TRADERS (1): [illegible]
MINES (29): [illegible]

NEW LOWS (19)

BRITISH FUNDS (2): Excheq. 11pc 1991, [illegible]
AMERICANS (3): Morgan (J. P.), Norton Simon, [illegible]
CANADIANS (2): Hollinger, Royal Bank of Canada
CHEMICALS (1): Hoechst
ENGINEERING (1): [illegible]
INDUSTRIALS (3): Dykes (J.), Whatman Reeve Angel, [illegible]
INSURANCE (1): Heath (C. E.)
PAPER (1): Waddington (J.)
TRUSTS (3): Drayton Far Eastern, [illegible]
MINES (2): Bougainville, [illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	16	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	286	198	[illegible]
Financial and Prop.	111	73	[illegible]
Oils	16	3	[illegible]
Plantations	6	4	[illegible]
Mines	66	[illegible]	[illegible]
Others	44	39	[illegible]
Totals	533	420	[illegible]

APPOINTMENTS

Board posts at Berwick Timpo

Three managing directors of trading companies in the Berwick Timpo group have joined the board of the parent company and continue to hold their present positions. They are Mr. Peter Craig, managing director of Peter Pan Playthings; Mr. Ken Simmonds, managing director of Berwick's Toy Company; and Mr. Keith Townsend, managing director of Harbutt's Plasticine. In addition Mr. Anthony Hill, a solicitor, experienced with industrial companies, has become a non-executive director of Berwick Timpo.

★

Mr. Z. V. Brierley has joined the partnership of PILLING TRIPPIER AND COMPANY, stockbrokers, Manchester, having been an associate member of the company for the past year. Mr. David Trippier, another partner, who became Conservative MP for Rossendale at the last election, will maintain contact with clients through his London office.

★

Mr. Gordon Haylett has been appointed managing director of AUGUSTUS BARNETT AND SON. Mr. Haylett has worked for the Runnis Group since 1974 both in Spain and England, where for the past two years he has been closely associated with Augustus Barnett.

★

Mr. Alan Malcomson has been appointed research partner of LYDDON AND CO., stockbrokers. He was previously a partner with de Zoete and Bevan. In recent years Mr. Malcomson has concentrated on the analysis of the textile industry.

★

Mr. Roger A. C. Lamberth has resigned as vice-president and general manager of SEAGRAM EUROPE and as chairman of SEAGRAM DISTILLERS, the UK holding company of Seagram. Mr. Philip Beekman, president of the Seagram Company, states that Mr. Lamberth has resigned entirely for personal reasons unconnected with his relationship with the group. It is Mr. Lamberth's wish to return to his native UK as he is at present a resident of New York. Mr. Lamberth joined Seagram in London 11 years ago as a regional sales manager. In 1973 he was appointed managing director and later chairman of Seagram Distillers and then moved to the U.S. to become vice-president and general manager Seagram Europe, with responsibilities for all European marketing affiliates. He continues with the group as a consultant.

Mr. Jerome Mann, who has been with Seagram in the U.S. since 1961 and was formerly president of Calvert, a distillers company in the U.S., has succeeded Mr. Lamberth as vice-president and general manager of Seagram Europe.

★

Mr. B. L. Mead has been appointed financial director of CRAY ELECTRONICS. He succeeds Mr. D. Kimber, who will take up full time responsibility as managing director of the group's subsidiary, C and N Electrical Industries. Mr. Kimber remains a director of Cray Electronics and Mr. B. P. Collins joins the Board of that company as technical director.

★

Mr. M. A. Harper has been appointed to the Board of BRIDGEWATER INVESTMENT TRUST.

★

Mr. Gerry Bell has been appointed a director of QUEENS MOAT HOUSES.

★

Mr. A. L. Wheatcroft has resigned from the Board of EVERED AND CO. HOLDINGS.

★

Mr. Charles H. Moore has become a director of the EXCESS INSURANCE COMPANY. Prior to this appointment Mr. Moore was a director and deputy chief general manager of the Norwich Union Insurance Group and general manager of the Norwich Union Fire Insurance Society.

★

Mr. W. F. J. Gardiner has been appointed group chairman of OFFICE AND ELECTRONIC MACHINES and continues as managing director.

★

Mr. P. D. Hunter has retired from the Board of GUARDIAN ROYAL EXCHANGE ASSURANCE.

★

Mr. Peter Barker has been appointed production director of RUBEROID BUILDING PRODUCTS, a member of the Ruberoid Group. Mr. Barker was previously with Redland Roof Tiles for seven years, latterly as general production manager.

★

Mr. D. L. Whitehead and Mr. B. B. Smith have been elected executive directors of the PROVIDENT FINANCIAL GROUP.

★

Mr. H. Wethered Thorn has been appointed to the Board of GRIMSHAWE HOLDINGS as a non-executive director. Mr. Thorn, a solicitor, is a director of various other companies, including Dorada Holdings. Mr. Thomas Kenny is chairman of both Grimshawe and Dorada.

★

Mr. M. J. Burgess has been appointed a director of HINTON HILL AND COLES LIFE AND PENSIONS CONSULTANTS.

★

Mr. Bill Payne, former managing director of Halladay's Drop Forgings, has joined WALTON MARKHAM ASSOCIATES as a consultant.

★

Mr. Cedric S. Davies has been appointed chief accountant of LUCAS MARINE, the marine division of Lucas Industries.

★

Mr. Eric Turner has resigned from the Board of the NATIONAL EXHIBITION CENTRE and will be moving to the south of England. He was a founder director of NEC being president of the Birmingham Chamber of Industry and Commerce when the NEC was formed in 1970. Mr. David Justham, a director of IMI, will succeed Mr. Turner. Mr. Justham was president of the chamber in 1974-75.

★

Mr. C. H. G. Myers has been appointed purchasing manager of IMI MARSTON succeeding Mr. W. R. Glazzard, who will be retiring. Mr. F. R. Preston has become marketing and technical manager (new products).

★

Mr. David C. Hankle, international officer, will be leaving the London branch of GIRARD BANK in mid-July to take up a position in the Philadelphia division of the regional lending group which is part of Girard's corporate and commercial banking department. Mr. Michael B. Mann will join the London branch in August as international officer with responsibility for business relationship in Eastern Europe as well as assisting in the UK development.

★

Greater London and Essex Newspapers and Electrical Press state that their new jointly owned company, ESSEX WEB OFFSET, is now in operation. It comprises the origination and printing complex previously owned by Greater London and Essex Newspapers at Rochford, Essex, and will produce the two member companies' newspapers and undertake external contract printing. Directors of the new concern are Mr. A. J. Browning (chairman), Mr. W. H. Beets (managing) and Mr. R. E. Timms (company secretary), of Greater London and Essex Newspapers, and Mr. R. J. L. Fernando, Mr. R. A. G. Pardoe and Mr. N. E. Richards of Electrical Press.

★

TEXACO OVERSEAS TANKSHIP has made the following appointments to its management team. Mr. W. A. S. Walker, general manager — administration on the retirement of Mr. L. H. Somerfield; Mr. J. F. Perrett, manager, services and charters in succession to Mr. Walker; and Mr. G. R. Pentecost, assistant manager services and charters, replacing Mr. Perrett.

★

Mr. M. Igglesden and Mr. A. Hewer have been appointed as directors of HOGG ROBINSON AND GARDNER MOUNTAIN INTERNATIONAL, part of the Hogg Robinson Group.

★

Mr. P. G. Brealey, manager of the MERCANTILE INVESTMENT TRUST, has been appointed a director of the company.

★

Mr. D. B. Smith has been appointed a deputy secretary in the DEPARTMENT OF EMPLOYMENT. He will be concerned with industrial relations.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 30	Jun. 11	Aug. 23	Sep. 6
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2

For rate indications see end of Share Information Service

Stocks to attract money for the call included Bambers Stores, Burmah Oil, Hawtin, Central Manufacturing, Spillers, Home Charm, Wm. Mallinson, P and O Deferred, Law Land, Siebens (UK), Barker and Dobson, Lesney, Ratners, Norwest Holst, Vantona, Ladbroke and Tesco. No puts were reported but double options were arranged in MFI Furniture, Provident Finance, Comfort Hotels, Reo Stakis, London and Northern, Allied Breweries, Bryant Holdings, New Throgmorton Warrants, Allebone and Country and New Town Properties.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
De La Rue	25p	10	488	+11	505	390
GEC	25p	9	398	− 5	456	311
Grand Met.	50p	9	143	− 8	180	112
Commercial Union	25p	7	154	—	185	146
Tube Invs.	£1	7	400	—	436	382
BP	£1	6	1198	+30	1238	882
ICI	£1	6	377	+ 2	415	346
Land Secs.	50p	6	299	− 7	323	244
LASMO	25p	6	244	+14	244	124
P. & O. Defd.	£1	6	100½	− ½	101	71
Stylo Shoes	25p	6	132	− 3	151	70
Barclays Bank	£1	5	468	+ 6	514	360
Beecham	25p	5	668	+ 1	755	565
GKN	£1	5	288	—	308	226
Shell Transport	25p	5	380	—	402	278

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., June 5, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., June 4 Index No.	Fri., June 1 Index No.	Thurs., May 31 Index No.	Wed., May 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	265.51	−0.2	16.04	5.28	8.16	266.01	266.61	265.90	265.69	215.07
2	Building Materials (27)	249.36	−0.1	16.08	5.57	8.31	249.55	250.15	249.01	248.15	190.34
3	Contracting, Construction (28)	405.00	−0.1	22.21	5.35	5.67	405.22	406.62	402.38	402.39	[illegible]
4	Electricals (14)	633.58	−0.8	12.28	3.02	11.19	638.49	641.15	642.04	642.51	453.39
5	Engineering Contractors (12)	396.27	—	18.29	6.11	7.00	396.12	397.61	397.32	396.74	319.04
6	Mechanical Engineering (75)	197.94	+0.2	16.71	5.85	7.78	197.55	197.57	196.79	196.48	175.12
8	Metals and Metal Forming (16)	180.83	—	17.86	8.60	7.02	180.92	180.99	180.72	180.97	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (52)	247.15	+0.3	14.17	4.43	9.34	246.35	246.47	246.17	246.23	[illegible]
12	Lt. Electronics, Radio, TV (16)	334.61	+0.3	11.04	3.18	12.77	333.53	333.06	333.04	334.05	[illegible]
13	Household Goods (12)	173.78	+0.6	16.08	6.95	8.33	172.69	174.82	173.89	173.31	[illegible]
14	Motors and Distributors (24)	128.37	+0.3	20.64	6.60	5.98	128.03	128.30	127.92	127.27	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	246.10	−0.3	15.17	5.47	8.51	246.83	249.23	248.29	247.23	[illegible]
22	Breweries (14)	282.16	−0.8	13.97	5.51	9.17	284.52	286.30	285.51	284.98	[illegible]
23	Wines and Spirits (6)	304.98	+0.1	15.41	4.91	9.46	304.79	307.13	308.31	307.30	[illegible]
24	Entertainment, Catering (17)	319.28	−2.4	14.90	6.01	8.93	327.15	333.14	334.52	327.31	[illegible]
25	Food Manufacturing (19)	225.26	+0.2	17.36	5.04	7.36	224.89	224.68	223.97	224.69	[illegible]
26	Food Retailing (15)	303.65	+0.5	10.90	3.96	12.14	302.16	303.60	303.02	300.84	[illegible]
32	Newspapers, Publishing (12)	454.40	−0.1	20.47	5.64	6.92	455.03	460.14	459.91	461.60	[illegible]
33	Packaging and Paper (15)	143.46	−0.9	20.33	8.09	6.29	144.83	146.23	145.13	144.65	[illegible]
34	Stores (41)	250.54	−0.2	11.24	4.05	11.98	251.07	254.50	251.97	249.75	[illegible]
35	Textiles (23)	178.88	+0.4	19.49	8.76	6.69	178.09	181.79	180.91	181.28	[illegible]
36	Tobaccos (3)	246.65	+0.4	23.06	8.34	4.98	245.75	247.87	248.74	250.83	[illegible]
37	Toys and Games (6)	76.99	+0.2	29.77	8.82	4.06	76.83	77.27	77.43	77.21	[illegible]
41	OTHER GROUPS (99)	216.03	+0.4	14.77	5.92	8.40	215.21	215.40	215.18	215.21	[illegible]
42	Chemicals (18)	305.21	+0.4	16.68	6.46	7.00	303.91	302.85	303.01	301.86	[illegible]
43	Pharmaceutical Products (7)	232.95	+0.3	11.80	4.90	10.56	232.17	232.70	233.24	233.90	[illegible]
44	Office Equipment (6)	128.65	+0.5	15.93	6.38	7.92	128.01	129.15	129.14	129.19	[illegible]
45	Shipping (10)	483.89	+1.2	9.76	6.35	13.88	478.35	474.81	472.68	474.10	[illegible]
46	Miscellaneous (58)	256.45	+0.2	15.19	5.77	8.57	255.95	256.98	256.10	256.53	[illegible]
49	INDUSTRIAL GROUP (494)	251.29	−0.1	15.22	5.45	8.45	251.45	252.72	252.05	251.54	[illegible]
51	Oils (6)	676.40	+1.5	11.66	3.24	9.12	666.10	661.58	647.42	648.64	[illegible]
59	500 SHARE INDEX	285.76	+0.2	14.60	5.06	8.56	285.15	286.01	284.34	283.95	[illegible]
61	FINANCIAL GROUP (115)	199.54	+0.3	—	5.29	—	199.04	200.20	201.88	201.99	[illegible]
62	Banks (6)	239.80	+1.6	27.77	5.06	4.65	235.93	237.25	242.24	238.74	[illegible]
63	Discount Houses (10)	248.54	−0.1	—	7.71	—	248.72	241.26	241.26	242.69	[illegible]
64	Hire Purchase (5)	189.86	+0.8	17.50	4.76	7.36	188.35	192.14	194.74	194.86	[illegible]
65	Insurance (Life) (10)	163.09	−0.2	—	6.51	—	163.43	164.58	164.92	166.57	[illegible]
66	Insurance (Composite) (8)	134.80	—	—	7.00	—	134.80	135.22	137.11	137.86	[illegible]
67	Insurance Brokers (10)	291.79	−0.5	17.24	6.56	8.32	293.13	294.57	294.57	296.81	[illegible]
68	Merchant Banks (14)	100.82	+0.1	—	5.29	—	100.73	101.20	101.37	101.54	[illegible]
69	Property (42)	352.41	−0.4	3.13	2.55	49.09	353.66	357.43	356.05	358.57	[illegible]
70	Miscellaneous (10)	125.90	−1.7	14.81	7.40	8.70	128.05	128.92	127.98	128.92	[illegible]
71	Investment Trusts (111)	222.29	+0.3	—	5.18	—	221.67	223.64	223.07	224.65	[illegible]
81	Mining Finance (4)	136.69	+0.7	14.61	5.75	8.32	135.69	138.95	138.36	138.38	[illegible]
91	Overseas Traders (20)	365.84	+0.9	14.16	6.91	8.87	362.57	364.49	363.61	364.78	[illegible]
99	ALL-SHARE INDEX (750)	261.62	+0.2	—	5.16	—	260.97	262.09	261.27	261.16	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., June 5	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.47	−0.06	—	3.90
2	5-15 years	118.36	−0.02	0.70	4.01
3	Over 15 years	124.20	−0.60	—	5.31
4	Irredeemables	131.43	−0.41	—	4.30
5	All stocks	115.54	−0.26	0.15	4.47

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Tues., June 5	Mon., June 4	Year ago (approx.)
1	Low Coupons	5 years	9.88	9.91	[illegible]
2		15 years	10.87	10.87	[illegible]
3		25 years	11.34	11.27	[illegible]
4	Medium Coupons	5 years	11.57	11.60	[illegible]
5		15 years	12.09	12.02	[illegible]
6		25 years	12.29	12.20	[illegible]
7	High Coupons	5 years	11.86	11.77	[illegible]
8		15 years	12.52	12.45	[illegible]
9		25 years	12.39	12.30	[illegible]
10	Irredeemables		11.13	11.08	[illegible]

		Tues., June 5 Index No.	Yield %	Mon. June 4	Fri. June 1	Thurs. May 31	Wed. May 30	Tues. May 29	Fri. May 25	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	60.26	12.32	60.22	60.30	60.51	60.51	60.77	60.77	61.02
16	Investment Trust Prefs. (15)	52.41	13.40	52.41	52.57	52.57	52.25	52.39	52.39	[illegible]
17	Coml. and Indl. Prefs. (20)	73.90	12.69	73.96	74.03	74.29	74.28	75.06	74.91	74.91

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

COMMODITIES AND AGRICULTURE

Bacon importers 'plunder' UK market

BY CHRISTOPHER PARKES

ICE-CUTTING importers are ving out a handsome share the British bacon market. nistry of Agriculture figures w that in the first five nths of this year supplies of tch bacon rose almost 32 per t. Imports from the Repub- of Ireland climbed 26 per t. Ulster sent 8 per cent re.

n the same period British plies to the home market pped 6 per cent and Danish oorts also fell by the same ount.

These people must be sell- at below production costs," ritish curer commented.

nother UK manufacturer med that even the Danish, have always insisted on ing at their official listed es, have been cutting prices. Ie said he had lost one of outlets to Danish supplies ently and had been shown invoice pricing best Danish es at £1,008 a tonne—£142 w the official list price ted by the Danes.

rish bacon can be had for 0 a tonne, compared with list price for British bacon £1,065.

spokesman for the Danish orters said he would be ormously surprised" if nish bacon was being sold at than the official price.

Certainly we are getting the price back to Denmark on our imports," he said.

anish shipments have been badly disrupted since the start of the year by industrial action on the UK roads, in British ports and also in Danish harbours. As a result supplies were short and unlikely to be available cheaply given the popularity of the brand.

The trade has long been buzzing with rumours of "special deals" on Danish bacon for regular customers and "under-the-table" marketing arrangements, but little evidence has emerged so far.

Officials at FMC, Britain's biggest curer with 26 per cent of home production coming from its factories, complained that the market was being "plundered" by the cut-price importers, particularly the Dutch, who have taken full advantage of the European Community MCA subsidies which help them sell here.

"I think we can live with the Danes, but we are greatly worried by the Dutch and the Irish, who can't be covering production costs if they can continue to sell at current prices," one senior official said.

Another curer said that the EEC Commission or the British Government should investigate the operations of the marketing boards and co-operatives in Holland and Ireland.

He suspected they were covering losses on their sales in the UK by charging higher prices at home in their attempts to establish themselves in Britain.

Protest to Walker

CON INDUSTRY leaders tested to Mr. Peter Walker, nister of Agriculture, yester- at the "ghastly erosion" the UK market by imports.

Ir. Bill Newton-Clare, chair- of the Bacon and Meat nufacturers' Association, said 0 jobs had been lost in the ustry in the past three years that unless "immediate and clusive" action was taken e factories would close.

emanding changes in the monetary compensatory unt subsidy system, Mr. vton-Clare warned that with- action the UK pig industry would mov einto irretrievable decline.

The bacon trade absorbs about two-thirds of all British pig production.

Mr. Walker was also told that even if the subsidies were reduced to restore fair competition immediately, the industry would still needs funds from the Community and possibly the Government.

The cash was needed to help it repair the damage of recent years and get back on equal technological therms with the European competition.

French boost nickel

By Our Commodities Staff

THE FRENCH refiner, Le Nickel, yesterday raised its ferronickel prices by 36.5 cents a pound, effective immediately, and set off a surge in the London Metal Exchange futures market.

Interpreting the French rise as a forerunner of a more general increase in producer prices, traders were soon busy buying.

The price for three months metal touched £3,500 a tonne in the afternoon, but fell slightly under profit-taking to close at £3,485, up £147.5 on the day.

The Le Nickel increase is the first in dollar terms since the 35 cent a pound rise announced on May 3, and followed closely the announcement of the end of the eight-month strike at Inco's refinery in Sudbury, Canada.

The squeeze on nearby supplies helped boost lead prices further yesterday, taking the spot quotation up £13 to £669 at the close of trading. Three months lead was £3.5 higher at £607.25.

Aluminium prices also continued to climb, mainly on the strength of the closure of three Alcan smelters in Quebec and buying interest, mainly from Japan.

Spot aluminium was £15.5 higher at £775 and the three months position traded at £780, up £13.5, at the close.

In Canada, Noranda Mines said it was attempting to restart negotiations to end the seven-month strike at its Gaspe Copper Mines plant, while in Santiago the Chilean copper Workers' Federation filed a demand to start wage talks with the state-owned corporation, Codelco.

Floods ruin pastures

THE Wessex Water Authority estimates htat 40,000 acres of land in Somerset have been under water in the past week. Most of that is grassland, intended for grazing or for making into silage or hay as feed for livestock next winter, and most of it has been ruined.

"Heavy deposits of silt and mud have made pastures useless either for grazing or conservation," the National Farmers' Union said.

Coffee price boom runs out of steam

BY RICHARD MOONEY

THE COFFEE price upsurge resulting from last week's Brazilian frost showed signs of running out of steam yesterday as traders began to take a calmer look at the situation.

The recent rise was maintained in early dealings when September coffee on the London futures market climbed to £1,910 a tonne.

But following a night of much warmer temperatures in the coffee growing regions values subsided in the afternoon with the September quotation sinking to £1,831 a tonne at one stage.

Early estimates put last week's frost damage at 15-20 per cent of the expected 1980-81 crop of 28m bags (60 kilos each). This would trim the crop to about this year's level and would not, by itself, create a deficit in world supplies.

Most observers had expected world coffee prices to fall if there was not frost in Brazil this year. So last week's frost damage could be seen as making this expected fall unnecessary rather than as justification for a substantial price rise.

But there is no guarantee that Brazilian coffee will escape further frost damage this season and reports from the Brazilian Air Force that a new cold front was threatening the southernmost coffee-growing state of Parana sent prices higher again in late dealings yesterday. By the close September coffee was quoted at £1,873.5 a tonne, up £15.5 on the day.

In Rio de Janeiro Sr. Octavio Rainho, president of the Brazilian Coffee Institute, said Brazil would reopen coffee export registrations when the extent of the frost damage had been fully evaluated. Care would be taken to safeguard the interests of producers without jeopardising the consumer market, he added.

The suspension was aimed at preventing excessive speculation resulting from nervousness caused by the frost, Sr. Rainho said.

Meanwhile, the London cocoa market also rose reflecting nervousness about the political situation following the coup in Ghana. September cocoa climbed to £1,755 a tonne at one time before ending the day £15.5 higher at £1,732 a tonne. Dealers said the late fall was encouraged by rumours that Ghana had been a seller in the market yesterday.

Farmers plant more wheat

BY OUR COMMODITIES STAFF

WHEAT PLANTINGS in England and Wales during 1979 are likely to be about eight per cent higher than last year, according to preliminary results of a survey of farmers conducted by the Home Grown Cereals Authority.

But the projected barley area is down three per cent and the oats area down 29 per cent. Overall cereal plantings are expected to rise 1.5 per cent.

A continued swing from spring to winter barley is indicated by the survey which shows a 14 per cent reduction in spring plantings and a 32 per cent rise in winter plantings.

But in wheat the survey indicates a modest swing in the opposite direction with spring plantings showing a 14 per cent gain and winter plantings rising by only seven per cent.

Most of the fall in oats plantings appears to be in winter varieties. Winter plantings show a 34 per cent fall, according to the survey results, with spring plantings down 19 per cent.

The Authority's survey questionnaire was sent out to some 3,600 farmers and this first analysis is based on 2,510 returns received by May 31. This represents only 10 per cent of last year's total cereal area but the authority believes the results are fairly accurate.

The HGCA noted that its survey results did not differ substantially from those extracted from the Ministry of Agriculture's December farm census which indicated an 11 per cent rise for wheat, a four per cent fall for barley and an 18 per cent decline in oats plantings.

Based on latest Ministry estimates for 1978 plantings the survey indicates a 1979 winter wheat area of 1.287m hectares, spring wheat 40m, winter barley 615m, spring barley 1.194m, winter oats 59m, and spring oats 33m.

GREEK AGRICULTURE

Many flaws in a fragile structure

BY CHRISTOPHER PARKES

THE GREEK Government has over-reached itself attempting to support and restructure its agricultural industry, according to the Organisation for Economic Co-operation and Development.

"The multitude of responsibilities assumed by the Government seem to exceed the financial and administrative means available for more rapid agricultural development, and as a result the effort has become too thinly spread," an OECD report* says.

It says price and income support is not fully effective in the livestock and fruit and vegetable industries. State spending on structural improvement is declining while processing, marketing and distribution services remain weak.

Attempts at establishing co-operatives have not been wholly successful and weaknesses in management, financing and scale of operations have made several groups over-dependent on selling to the State and on Government control, the report claims.

The main lifeline to the industry, the agricultural credit system, still depends largely on cheap funds from the Bank of Greece, and the farmers' social insurance protection schemes appear costly when compared with productive Government aids for irrigation, the report says.

New laws have been tabled, however, to relax Government controls over the co-ops to allow them greater control of their own marketing, processing and credit.

But the social insurance cover of the industry seems to present greater problems. The cost of schemes operated by the Government, largely from State funds and with only a 14 per cent contribution from the farmers themselves, are comparable with the entire regular Ministry of Agriculture budget.

The difficulties of the country's agriculture industry can be blamed on adverse natural conditions and the extent to which small-scale production units have come to the fore as a result of land reforms. These small farms could not have survived in modern conditions without considerable State aid. However, the report says, "after several decades Greek agriculture has not yet outgrown this official tutelage".

Government policy is aimed at a growth rate in agriculture of 3.5 to 4.5 per cent a year. Included in the higher projection, and ominously for the European Community, is marked acceleration in livestock and milk production.

The country is also aiming at self-sufficiency in cereals and sugar—two more problem commodities in the EEC which Greece is in the process of joining.

At the same time, output of traditional products like wine and olive oil, may expand only slowly—and even decline—because of limited outlets. But whatever the national guidelines, there is still the distinct possibility that given the insurance of the Common Agricultural Policy, olive oil producers and wine growers may be tempted to retain their trees and vines and take advantage of intervention support buying for their produce.

The Government's involvement and its heavy expenditure on agriculture reflect the importance of the industry to the national economy. In recent years exports of farm produce, including cotton, have accounted for one-third of total Greek overseas trade while food imports make up only 10 per cent of total imports.

At present half Greece's agricultural exports go to the European Community, and as a member of the enlarged EEC, Greece will bring benefits with its supplies of cotton, tobacco, vegetable oils, and fresh, dried and processed vegetables. The Greeks will also buy large quantities of Community produce such as milk products and beef.

But whatever the balances and counterbalances of trade, it appears that without the most scrupulous care the structure of Greece's carefully nurtured and immature agricultural community could be seriously upset by accession to the EEC.

If national controls and management systems are to be sacrificed on the altar of the Common Agricultural Policy as laid down in the Treaty of Rome's rigid guidelines, serious social and economic upheaval could wreak havoc in the Greek countryside.

* *The Agricultural Policy of Greece, OECD, HMSO, £3.20.*

South African wool profits in jeopardy

FINANCIAL TIMES REPORTER

SOUTH AFRICA'S wool farmers were in a "cost squeeze" and unless prices increased steadily the profitability of wool farming could soon be in jeopardy, an international conference was warned yesterday.

Senator G. J. Joubert, Chairman of the South African Wool Board, told the International Wool Textile Organisation's conference in London: "We cannot expect wool production to increase—or perhaps even to remain at current levels—unless there is some expectation that future market prices will absorb rising costs and provide reasonable remuneration for the producer."

He said that the average market price realised this season was about 11 per cent higher than a year ago. This had more or less kept up with inflation and, theoretically, the profitability of wool farming had not deteriorated.

Mr. A. C. B. Maiden, the Australian Wool Corporation (AWC) chairman, told the conference wool price increases in the past four months, following the excellent climatic conditions of the past year, had encouraged a "somewhat unaccustomed buoyancy" in the Australian wool growing industry.

"Rural incomes generally have been well above those of recent years, and the gross value of rural production this year is projected to rise by 33 per cent over 1977-78

RITISH COMMODITY MARKETS

ASE METALS

PPER—Firmer but below the day's st levels on the London Metal ange. Forward metal opened d £888 and moved ahead to £899 wing a good general demand. ever, a lower than expected New opening coupled with a report ing talk of a strike in Chile saw price dip to £889 prior to a close he late Kerb of £991. Turnover, 0 tonnes.

PER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
bars				
....	884-.5	+19.5	881-.5	+5.75
nths.	897.5-8	+17½	894.5-5	+5
'm,nt	884.5	+19.5	—	......
odes				
....	861-2	+18	857-8	+5
nths.	882-3	+17½	879-80	+4.25
'm,nt	862	+18.5	—	......
Smt..	—	......	*81.88-8.25	......

nalgamated Metal Trading reported in the morning cash wirebars ed at £885.5, 85; three months £892, 94, 93, 93.5, 95, 96, 97, 98.5, 99, 98. Cathodes: Three months £882. : Wirebars: Three months £897, 97, 98, 97, 97.5, 97, 98, 95.5. rnoon: Wirebars: Cash £880, 81; months £894, 94.5, 95, 94.5, 94, 93, 94, 93.5, 94, 94.5. Kerb: bars: Three months £895, 94, 93, 90, 91.

N—Moved narrowly with forward l fluctuating between £7,140 and 0 before closing at the latter price on the late Kerb. Turnover, 2,210 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7555-40	+97.5	7480-520	—40
3 months	7150-75	+162½	7160-80	......
Settlem't	7540	+90	—	......
Standard				
Cash	7535-40	+97.5	7480-500	—50
3 months	7140-5	+27.5	7160-80	+17.5
Settlem't	7540	+90	—	......
Straits. E.	‡$1981	—9	—	......
New York	—	......		......

Morning: Standard: Cash £7,550, 40, 35; three months £7,160, 50, 45, 40, 45. Kerb: Standard: Three months £7,145. Afternoon: Standard: Cash £7,530, 40; three months £7,160, 70, 50. Kerb: Standard: Three months £7,155.

LEAD—Strong following influential buying of cash and the firmness of other metals which saw forward metal move ahead from £585 to a high of £610 on the late Kerb. Turnover, 13,050 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	663-4	+10	668-70	+15
3 months	604-5	......	607-.5	+3.5
Sett'ment	664	+10	—	......
U.S. Spot	—	......	*54-8	......

Morning: Cash £653, 63, 62, 61, 60, 63; three months £559, 600, 601, 2, 3, 4, 5, 6, 5. Kerb: Three months £605, 6. Afternoon: Three months £606, 7.5, 6, 6.5, 7. Kerb: Three months £609, 10.

ZINC—Moved ahead from £363 on the pre-market to close the late Kerb at £374.5 following the strength in other metals. Turnover, 6,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	356.5-7	+7.25	362-3	+11
3 months	368-70	+8.25	373.5-4	+10.5
S'ment	357	+7	—	......
Prim.west	—	......	*39.5	......

Morning: Cash £354, 56; three months £368, 69, 68.5, 69. Kerb: Three months £370. Afternoon: Three months £373, 74. Kerb: Three months £374, 75, 74, 73.

ALUMINIUM—Firmer with the market buoyed by the Alcan force majeure and the strength of other metals. Forward metal opened around £766 and moved ahead to £781 prior to closing the late Kerb at £778. Turnover, 7,150 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	767.5-8.5	+15	774-6	+15.5
3 months	774-.5	+11.5	780-1	+13.5

Morning: Cash £768; three months £773, 76, 74, 73, 75, 74.5, 74. Kerb: Three months £774. Afternoon: Three months £776, 78, 79, 80, 79, 78, 76, 75, 76, 78, 79, 80, 79.5, 80, 81. Kerb: Three months £780, 79, 78.

NICKEL—Gained ground. After opening at £3,400 forward metal rose to £3,500 on buying fuelled by the Le Nickel increase in ferro nickel prices. However, profit-taking pared the price to £3,470 on the late Kerb. Turnover, 480 tonnes.

NICKEL	a.m Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	3480-90	+165	3480-90	+147½

Morning: Three months £3,500, 3,490, 80, 90. Afternoon: Three months £3,480, 60, 55, 80, 90, 95, 90. Kerb: Three months £3,470.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.35p an ounce higher for spot delivery in the London bullion market yesterday at 408.05p. U.S. cent equivalents of the fixing levels were: spot 849.4c, up 6.4c; three-month 869.4c, up 6.1c; six-month 889.9c, up 6.9c; and 12-month 920.1c, up 5.2c. The metal opened at 406½-409½p (850-852c) and closed at 413¼-414¼p (860-862c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	408.05p	+2.35	414.15p	+7.75
3 months	419.1p	+2.30	425.25p	+7.50
6 months	428.3p	+2.30	—	......
12 months	447.3p	+2.30	—	......

LME—Turnover 267 (233) lots of 10,000 ozs. Morning: Three months 419.5, 9.4, 9.7, 9.8, 9.7, 9.6, 9.5, 9.3, 9.5. Afternoon: Three months 420.5, 20, 20.1, 20, 24, 4.5, 4.8, 25, 5.5, 5.8, 5.5, 5.3. Kerbs: Three months 425.8, 26, 25.8, 26, 25.8, 5.5, 5.2, 5.1, 25, 24.8.

COCOA

Opening on a steady note, the market traded in active conditions throughout the day, closing £15 above Monday evening, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1713-1715	+25.0	1728-1705
Sept	1731-1735	+15.5	1765-1730
Dec	1789-1790	+14.0	1808-1789
March	1802-1803	+13.0	1819-1800
May	1815-1817	+13.5	1827-1817
July	1828-1825	+13.5	—
Sep	1835-1848	+11.5	—

Sales: 4,487 (2,363) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price June 4 159.09 (155.80); indicator prices for June 5: 15-day average 154.70 (153.93); 22-day average 152.87 (152.54).

COTTON

LIVERPOOL COTTON—No spot or shipment sales were again recorded in Liverpool. With an absence of business so far this week, trading remained in very few hands. Even inquiry was virtually at a standstill and little interest was shown in the growths usually in demand.

COFFEE

Robustas opened higher again as further cold weather in Brazilian coffee growing areas, coupled with general sentiment, influenced early buying reported Drexel Burnham Lambert. In the afternoon prices fell below the previous night's close before making a sharp recovery and after another special call that was extended through to the close prices finished on a steady note up to £27 higher on the day.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1856-60	+27.0	1910-1845
September	1873-74	+15.5	1910-1831
November	1885-89	+24.5	1900-1855
January	1885-88	+14.0	1909-1870
March	1885-89	+19.5	1910-1863
May	1873-83	+15.5	1900-1862
July	1860-79	+12.0	—

Sales: 8,082 (16,132) lots of 5 tonnes.

ICO Indicator prices for June 4 (U.S. cents per pound): Other Mild Arabicas 181.00 (17167); Robustas ICA 1976 174.00 (162.00); ICA 1968 174.50 (162.50); Colombian Mild Arabicas 185.00 (175.00); unwashed Arabicas 159.00 (same). Comp. daily ICA 1968 172.17 (164.75).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10 to 20p higher and in reasonably thin trading the market remained steady and values increased on fairly steady trade. Buying to close 30 to 45p higher on wheat to 35 to 50p higher on barley, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	91.25	+0.30	85.65	+0.40
Nov.	94.35	+0.40	89.35	+0.35
Jan.	98.20	+0.40	93.20	+0.40
Mar.	101.50	+0.35	96.55	+0.35
May	104.90	+0.45	99.85	—0.46

Business done—Wheat: Sept. 91.30-91.15, Nov. 94.40-94.15, Jan. 98.30-98.15, March 101.55-101.50, May 104.95-104.90. Sales: 145. Barley: Sept. 85.65-85.50, Nov. 89.40-89.25, Jan. 93.25-93.15, March 96.60-96.55, May 99.90-99.00. Sales: 179.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June 90.75, July 90.75, Aug. 91.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French June 111.25, July 112, transhipment East Coast. South African White unquoted. South African Yellow June 78.00 nominal. Barley: English feed fob Aug. 86.50-87.50, Sept. 87.50, Oct./Dec. 90.75, transhipment South Coast.

HGCA—Location ex-farm spot prices. (Insufficient business to warrant a report.)

The UK monetary coefficient for the week beginning June 11 (based on HGCA calculations) is expected to decrease to 1.183.

EEC IMPORT LEVIES—The following levies and premiums are effective for June 6 in order current levy plus July, Aug. and Sept. premiums, with previous in brackets. All in units of account per tonne. Common wheat: 95.16, nil, nil, 0.77 (95.29, 0.19, 0.19, 0.57). Durum wheat—146.99, rest nil (146.99, rest nil). Rye—101.94, rest nil (101.94, rest nil). Barley—100.06, rest nil (100.06, rest nil). Oats—98.00, rest nil (98.00, rest nil). Maize (other than hybrid for seeding)—88.92, rest nil (88.92, rest nil). Buckwheat—6.98, rest nil (6.98, rest nil). Millet—89.67, rest nil (89.67, rest nil). Grain sorghum—98.10, rest nil (98.10, rest nil). Flour levies—Wheat or mixed wheat and rye flour: 148.00 (148.80). Rye flour—157.49 (157.49).

SOYABEAN MEAL

The London market opened around unchanged. With Commission House buying the market remained steady, reported T. G. Roddicks. Late in the session the market sold off on firmer sterling.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	123.50-25.7	—0.15	124.00-123.00
August	125.00-25.2	—0.15	125.60-125.10
October	126.80-27.0	+0.40	127.20-126.70
December	126.80-27.1	+0.10	127.20-127.00
February	127.50-29.5	+1.00	—
April	128.50-30.0	+1.50	—
June	128.50-31.0	+0.75	—

Sales: 118 (92) lots of 100 tonnes.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 314 (309) cent a kilo (nominal buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	63.70-64.50	64.90-65.25	—
Aug	64.50-64.90	65.50-65.70	65.00
Jy-Sept.	64.60-64.85	65.40-65.55	65.95-64.70
Oct-Dec	66.85-66.90	67.40-67.50	68.00-66.30
Jan-Mar	68.70-68.75	69.35-69.40	69.95-68.40
Apr-Jne	70.40-70.50	71.20-71.30	71.70-70.20
Jy-Sept.	72.30-72.50	73.05-73.10	—
Oct-Dec	74.45-74.50	74.95-75.10	74.60-74.45
Jan-Mar	76.50-76.60	77.10-77.15	76.60-76.45

Sales: 1 (nil) lots of 5 tonnes. 360 (247) at 15 tonnes.

Physical closing prices (buyer) were Spot 63.75 (64.25); July 67.85p (68.25); Aug. 67.85p (68.25).

SUGAR

LONDON DAILY PRICE (raw sugar): £101.00 (£98.00) a tonne cif for May-June shipment. White sugar daily price was £107.00 (£105.00).

First traded price in August was £109.50 but sellers quickly offered down and this position quickly fell by up to 200 points before buyers predominated and prices recovered somewhat. Later the market attempted to rally but renewed trade selling and long liquidation blunted the recovery, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	108.05-08.20	106.25-06.35	108.75-06.60
Oct.	112.30-12.55	110.50-10.40	113.80-10.25
Dec.	116.30-16.40	114.20-14.50	117.35-14.20
March	120.60-20.70	118.55-18.40	121.00-19.00
May	123.35-23.40	121.25-21.40	125.25-21.50
Aug.	127.00-27.25	125.00-25.15	128.75
Oct.	130.00-31.00	128.25-28.50	—

Sales: 4,044 (2,144) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171.50 (£167.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 4. Daily price 7.83 (7.72); 15-day average 7.79 (7.80).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 107.50, 108.00, 109.25-107.50, 145; Sept. 112.25, 112.35, 113.25-112.00, 149; Nov. 114.95, 115.00, 115.00-113.00, 105; Feb. 121.50, 121.75, 121.75-121.40, 4; April 124.00, 124.90, 124.25, 10; July 128.00, 128.75, 128.25, 10; Sept. 131.00, 133.00, nil, nil. Sales: 460.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 5: GB—Cattle, 87.50p per kg lw (+3.97). UK—Sheep, 182.2p per kg est dcw (−13.0). GB—Pigs, 56.3p per kg lw (−1.1). England and Wales—Cattle numbers down 12.5 per cent, average price 87.12p (+3.24). Sheep numbers down 17.2 per cent, average price 182.1p (−12.9). Pig numbers down 14.0 per cent, average price 55.8p (−1.1). Scotland—Cattle numbers down 16.5 per cent, average price 88.62p (+6.07). Sheep numbers down 41.7 per cent, average price 191.8p (−3.0). Pig numbers down 16.4 per cent, average price 60.7p (−0.3).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Eire hindquarters 82.0 to 85.0, forequarters 40.0 to 43.0. Veal: English fats 75.0 to 84.0; Dutch hinds and ends 98.0 to 104.0. Lamb: English small 76.0 to 90.0, medium 79.0 to 88.0; Imported frozen: New Zealand PL 52.0 to 52.5, PM 51.0 to 51.5. Hoggets: English 60.0 to 64.0; Scottish 50.0 to 64.0. Pork: English, under 100 lb 34.5 to 44.0, 100-120 lb 34.5 to 42.5, 120-160 lb 34.0 to 41.5, 160-180 lb 33.0 to 38.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cypriot: 5.00-5.80; Brazilian: 4.50-5.00; S. African: Navels 4.20-5.40. Lemons—Italian: 100/120s 4.90-5.00; Spania: Trays 30/40/45 1.80-2.20; S. African: 5.00-6.20; Brazilian: Trays 2.80. Grapefruit—Cypriot: 4.00-4.80; Israeli: Jaffa 35/88 4.00-4.50; S. African: 32/64 3.60-4.35. Apples—S. African: Granny Smith 6.80-7.20, White Winter Pearmain 5.00-5.50, Starking 5.80-6.40, Golden Delicious 6.40-7.00; New Zealand: Cox's Orange Pippins 7.50-8.50, Golden Delicious 7.00; Tasmanian: Jonathans 5.50-5.60, Cox's Orange Pippins 7.00-8.30, Golden Delicious 4.60-4.80; W. Australian: Granny Smith 6.50-6.80; Washington: Red Delicious per box 8.00-10.00; French: Golden Delicious 72 2.30-2.50, 84 2.20-2.30, jumble pack, per pound 0.08-0.10; Italian: Golden Delicious per pound 0.07-0.08, Rome Beuty 0.07; Dutch: Golden Delicious jumble pack 22 lb 1.40-1.50. Pears—S. African: Cartons Beurre Bosc 6.80-7.00, Packham's 8.50, Nelis 6.80. Bananas—Jamaican: Per 26 lb 4.20-4.40. Grapes—S. African: Cartons, Barlinka 5.00, New Cross 6.40, Golden Hill 6.50, Emperor 5.00. Almeria 7.00; Israeli: Perlette 5.00. Peaches—Spanish: C/Bs 4.00-5.00. Apricots—Spanish: 2.50-3.50. Strawberries—Italian: Approx. ½-lb punnets 0.25-0.27. Cherries—French: 0.35-0.40 per pound; Cypriot: 0.60; Italian: 0.40-0.45. Avocados—S. African: 2.80-3.00. Onions—Dutch: 2.40-3.30; Chilean: 4.50; Canary: 4.50; Israeli: 4.20-4.30; Texas: 4.50; Spanish: 3.50. Tomatoes—Jersey: Per tray 3.80; Dutch: 3.60-3.80; Guernsey: 3.60-4.00. Cabbages—Dutch: White, net 5.00-5.50. Potatoes—Egyptian: 50 lb 4.50-4.70; Cypriot: 5.70; Jersey: Per pound 0.12; Greek: 4.00-4.30; Italian: 4.60; Spanish: Malorcas 6.00; Israeli: 4.40; Brittany: 6.00. Capsicums—Canary: 5 kg 3.00-3.50, Spanish: 6 kg 4.00. Carrots—Cypriot: 10 kg 3.00-3.20; Italian: approx. 22 lb 3.00-3.20; Texas: Per pound 0.17; French: 12 kg 4.00. Asparagus—Californian: Per pound 0.90-1.00; Hungarian: 0.80.

English Produce: Potatoes—New crop per pound 0.12, old crop per 25 kg 2.00-3.10. Lettuce—Per 12 round 0.80-1.00, Cos 2.00. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.04-0.09. Beetroot—Per 28 lb 1.00, long 1.80. Carrots—Per 28 lb 1.80-3.20. Onions—Per 28 lb 2.50-3.40. Rhubarb—Per pound outdoor 0.03-0.05. Tomatoes—Per 12 lb 3.40-3.80. Cucumbers—Tray 9/19s 2.00-2.60, prepack 2.80-3.40. Cauliflowers—12s 4.00-5.00. Spring Greens—Per crate Kent 0.80-1.20. Asparagus—Per pound 0.50-0.70. Celery—Boxes 12/30s 3.50-4.50. Strawberries—Per ¼ lb 0.20-0.25.

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) pounds per stone: Shell cod 4.00-5.20; codlings 3.00-3.80; large haddock 4.50-5.40, medium 3.80-4.40, small 2.60-3.40; medium plaice 4.00-5.40, best small 3.50-4.20; large skinned dogfish 8.00, medium 4.70; large lemon soles 7.00, medium 6.00; rockfish 2.20; reds 2.30-3.30; saithe 2.20-2.80.

*

HIDES—Birmingham: Little changed. Second clear ox 31-35.5 kg, 97p a kg (97p); 26-30.5 kg, 97p a kg (97p); 22-25.5 kg, 102p a kg (103p). Light cows, 98p withdrawn (95p withdrawn).

JUTE

JUTE—Steady. June/July c and f Dundee: BEC £256, BWD £236, BTC £264, BTD £240; c and f Antwerp: June BWB $560, BWC $532, BWD $497, BTB $583, BTC $545, BTD $504. Jute goods firm; c and f Dundee: July 40-in 10-oz £12.86, 40-in 7.5-oz £9.81, B twills £35.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 5 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710
Free Mkt (es)	$1595/815	+40.0	$1,580/60
Copper			
Cash w'bar	£881.25	+5.75	£931.5
3 mth „	£894.75	+5.0	£938.25
Cash Cathode	£858	+5.0	£921.75
3 mth „	£879.5	+4.25	£930.5
Gold troy oz	$279.125	+4.0	$247.625
Lead cash	£669	+13.0	£561
3 mth	£607.25	+3.5	£525.75
Nickel	£3117.62	......	£2,728.75
Freemkt(cif)(lb)	320/60c	+30.0	270/310c
Platin'm tr'y oz	£171	......	£171
Free mkt	£208.85	+0.90	£199.59
Quicksil'ver	$335/45	......	$285/95
Silver troy oz	408.05p	+2.35	399.8p
3 months	419.1p	+2.30	410.1p
Tin cash	£7,490	—50.0	£7,415
3 mths	£7,170	+17.5	£7,187.5
Tungsten	$137.52	......	$135
Wolfrm 22.04 cif	$142/46	......	$135/40
Zinc cash	£362.5	+11.0	£376.75
3 months	£375.75	+10.5	£389.25
Producers	$845	......	$800
Oils			
Coconut (Phil)	$1,060*s*	+20	$1,125
Groundnut	‡		‡
Linseed Crude	£386	......	£404
Palm Malayan	$657*p*	—7	$669
Seeds			
Copra Philip	$712.5*r*	+2.5	$657
Soyabean (U.S.)	$310.5	—1.1	$304.5
Grains			
Barley Futures	£89.35*y*	+0.55	£88.2
Maize			
French No 3 Am	£111.25	......	£111
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling †	£107.5*x*	......	£104.5
Other commodities			
Cocoa ship't	£1,805	+26	£1,647
Future July	£1,732	+15.5	£1,577
CoffeeF't'rJuly	£1,873.5	+15.5	£1,565.5
Cotton A'index	75c	+0.5	75c
Rubber kilo §	63.75	—0.5	59.75p
Sugar (Raw)	£101	+3.0	£98.5
Wooltp's 64s kl	279p	......	283p

* *Nominal.* † New crop. ‡ Unquoted. *p* August. *r* July. *s* July-Aug. *t* June-July. *u* June. *w* Sept. *y* Nov. *x* Per ton. *z* Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, June 5.

Cocoa—July 154.80 (153.80), Sept. 157.85 (157.00), Dec. 160.75, March 162.00, May 163.05, July 164.05.

Copper—June 80.40 (79.80), July 80.80 (80.30), Aug. 81.35, Sept. 81.90, Dec. 83.00, Jan. 83.20, March 83.70, May 83.95, July 84.15, Sept. 84.35, Dec. 84.60, Jan. 84.65, March 84.75.

*Gold—June 279.40 (275.50), July 281.50 (277.70), Aug. 283.90, Oct. 288.70, Dec. 293.50, Feb. 298.30, April 303.10, June 307.90, Aug. 312.70, Oct. 317.50, Dec. 322.30, Feb. 327.20, April 332.10.

Potatoes (round whites)—Nov. 63.3 (63.2), March 73.0 (72.6), April nil, May 88.3.

*Platinum—June 430.00 (427.90), July 430.30 (427.90), Aug. nil, Oct. 430.50, Jan. 432.30, April 434.70, July 437.20, Oct. 439.70, Jan. 442.20.

¶Silver—June 857.9 (855.5), July 863.0 (861.5), Aug. 870.4, Sept. 877.8, Dec. 897.2, Jan. 902.9, March 914.5, May 926.1, July 937.8, Sept. 949.5, Dec. 967.7, Jan. 973.6, March 985.3. Handy and Harman spot 861.10 (845.00).

Tin—699.00-715.00 asked (695.00-718.00).

CHICAGO, June 5.

Lard—Chicago loose 25.00 (25.25). New York prime steam not available.

Live Cattle—June 69.55-69.80 (69.55), Aug. 66.80-66.95 (66.65), Oct. 65.30-65.40, Dec. 65.07-66.05, Jan. 66.50 bid, Feb. 67.30-67.20, April 67.40 asked, June 68.80 bid, Aug. 68.70 bid, Oct. 67.55 bid. Sales, 45,373.

Live Hogs—June 42.15-42.25 (42.92), July 42.30-42.15 (42.55), Aug. 39.20-32.15, Oct. 36.40-36.25, Dec. 37.20-37.00, Feb. 37.70, April 36.70, June 39.47, July 39.47. Sales, 8,077.

§§Maize—July 268¼-268 (269¾), Sept. 271¾-272 (273¾), Dec. 275-275½, March 283½, May 288½-288¾, July 292.

Plywood—July 196.1-196.0 (196.7), Sept. 197.6 (197.8), Nov. 197.2-197.0, Jan. 198.2, March 200.8 asked, May 201.7 asked, July 202.1, Sept. 202.1, Nov. 202.3.

Pork Bellies—July 43.45-43.30 (43.67), Aug. 41.30-41.50 (41.70), Feb. 44.25-44.30 bid, March 44.20 bid, May 44.35 bid, July 45.90, Aug. 44.30 asked. Sales, 7,283.

Shell Eggs—June 54.55 (54.25), July 57.00 (57.20), Aug. nil, Sept. 59.65-59.50, Oct. 57.40 bid, Nov. 61.00, Dec. 62.60. Sales: 292.

Silver—June 866.0-866.5 (857.5), July 869.0 (861.0), Aug. 873.0-874.0, Oct. 885.0, Dec. 900.0-901.0, Feb. 912.0, April 923.5, June 934.0, Aug. 945.5, Oct. 957.0, Dec. 969.0, Feb. 981.0, April 993.0, June 100.55, Aug. 101.80, Oct. 103.10, Dec. 104.40, Feb. 105.70, April 107.00.

‡Soyabeans—July 735-734½ (738), Aug. 740½-741 (743½), Sept. 735½, Nov. 729-728, Jan. 738½-739, March 750½-750, May 757½, July 762½.

‖Soyabean Meal—July 196.50-196.60 (196.80), Aug. 198.50-198.60 (198.70), Sept. 199.70, Oct 198.50, Dec. 200.00-199.90, Jan. 201.30-201.40, March 204.00, May 205.00-205.80, July 206.00.

Soyabean Oil — July 25.65-25.68 (25.84), Aug. 25.62-25.85 (26.00), Sept. 26.00, Oct. 25.90, Dec. 25.90-25.85, Jan. 25.90, March 26.95, May 26.10, July 26.05, Aug. 25.95-26.10.

‡Wheat—July 373½-374 (371¼), Sept. 378½-378¼ (376), Dec. 389¼-389½, March 398½, May 398¼, July 393½.

WINNIPEG, June 5 §Rye—July 114.30 (112.70 bid), Oct. 112.80 asked (111.40), Dec. 109.40 asked, May 110.60 asked.

§Barley—July 93.30-93.50 (95.40), Oct. 92.20 (93.60), Dec. 89.70, March 89.60 bid, May 90.10 bid.

§Oats—July 92.40 bid (94.10), Oct. 80.40 (91.60 bid), Dec. 88.10 asked, March 86.50 bid, May 86.00 asked.

§Flaxseed—July 323.00 bid (322.80 bid), Oct. 315.10 asked (314.30 asked), Nov. 308.00 bid, Dec. 301.10 bid, May 302.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 197.60 (197.00).

EUROPEAN MARKETS

ROTTERDAM, June 5.

U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent July $177. U.S. Hard Winter Wheat ordinary unquoted. U.S. No. 2 Red Winter Wheat. June $168, July $165, Aug. $166, Sept. $168, Oct. $171. U.S. No. 2 Northern Spring Wheat 14 per cent June $170, July $170.50, Aug. $170, Sept. $171, Oct. $175, Nov. $178.

Maize—U.S. No. 3 Corn Yellow April $136, June $134.50, July $135, Aug. $136.50, Sept. $137.50, Oct./Dec. $138.50, Jan./March $144.50.

Rye—Oats unquoted.

Sorghum—U.S. Plate all $119.50, spot $123, June $122.50, July $124, Aug. $126.

Barley—1/2 Canada feed unquoted.

PARIS, June 5.

Cocoa (FFr per 100 kilos)—July 1,545 bid, Sept. 1,600/1,603, Dec. 1,621/1,620, March 1,625/1,645, May 1,630 bid, July 1,630 bid. Sales at call 10.

Sugar (FFr per 100 kilos)—July 985/975, Aug. 982/983, Oct. 1,017/1,020, Nov. 1,015/1,020, Dec. 10,45/1,053, March 1,075/1,085, May 1,095/1,105, July 1,105/1,125. Sales at call, 15.

INDICES

FINANCIAL TIMES

June 4	June 1	M'nth ago	Year ago
291.02	284.93	268.44	252.72

(Base: July 1, 1952=100)

MOODY'S

Jnne 4	June 1	M'nth ago	Year ago
1070.1	1066.1	1052.4	920.3

(December 31, 1931=100)

DOW JONES

Dow Jones	June 4	June 1	Month ago	Year ago
Spot	406.51	394.43	318.45	357.36
F'tur's	407.13	402.62	392.44	357.74

(Average 1924-25-26=100)

REUTERS

June 5	June 4	M'nth ago	Year ago
1585.7	1574.9	1556.4	1517.7

(Base: September 18, 1931=100)

WOOL FUTURES

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Micron Contract: July 393.0, 395.0, 394.0-393.0, 31; Oct. 401.5, 402.0, 402.5-401.8, 37; Dec. 402.5, 403.5, 403.5-403.0, 50; March 406.5, 408.0, 406.5-406.5, 3; May 408.0, 409.0, 409.0-409.0, 5; July 412.0, 415.0, nil, nil; Oct. 415.0, 417.0, nil, nil; Dec. 418.0, 422.0, nil, nil. Sales: 126.

LONDON GREASY—Close (in order buyer, seller—no business done). July 220.0, 230.0; Oct. 220.0, 235.0; Dec. 220.0, 240.0; March/May/July/Oct./Dec. 230.0, 240.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller—no business done). July 197.0, 200.0; Oct 196.0, 202.0; Dec./March/May/July/Oct./Dec. 203.0, 209.0.

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1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98⅛	94⅝	Treasury 3pc '79‡‡	98⅛	......	3.06	9.72
98½	95⅛	Electric 4¼pc '74-79	98⅝	......	4.32	9.56
100¼	54⅝	Treasury 10½pc '79‡‡	99½	......	10.53	11.09
97½	94½	Electric 3½pc '76-79	97½	......	3.59	9.32
99⅝	95⅞	Treasury 9pc 1980‡‡	98¼	−¼	9.15	11.30
99⅜	95⅞	Treasury 9½pc '80‡‡	98¼	−⅛	9.65	11.36
96⅝	92¾	Treasury 3¼pc '77-80	96⅝xd	......	3.62	6.96

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1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103¾	99¼	FFI 13pc 1981	101¾	−¼	12.78	11.76
107	100	Do. 14pc '79	100½	......	13.19	—
108¼	99¾	Do. 14pc '83	105¼	−¼	13.24	12.30
86½	77½	ICFC 5½pc Deb. '80-82	85½	......	6.54	11.10
85	71½	Do. 6¼pc Db. '81-84	78½xd	......	7.96	11.70
99	84½	Do. 10¼pc Uns Ln. '86	92½xd	−½	11.35	12.20
99	84½	Do. 11pc Uns. Ln. '88	95xd	......	11.62	12.20
101½	84	Do. 11¼pc Uns. Ln. '90	96xd	+½	12.23	12.40
72½	57	Do. 7¼pc A Deb. '89-92	66½xd	......	10.90	12.40
69	55½	Do. 7¾pc A Db. '91-94	66	......	11.24	12.50
81½	64½	Do. 9pc 'A' '91-94	79½	......	11.69	12.40
75½	62½	Do. 8¾pc Ln. '92-97	76	......	11.64	12.30

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16	14	Dawes (G. R.)	14	......	—	—	—	—
£121	£79	Deutsche Bank DM50	£79	......	Q18%	—	2.9	—
90	63	F. C. Finance	73	......	2.2	Φ	4.5	Φ
8¼	5¼	First Nat. 10p	8	......	—	—	—	0.6
4	2	Do. Wrnts. 75-83	3¼	......	—	—	—	—
16¼	13½	Fraser Ans. 10p	15½	−¼	—	—	—	—
252	178	Gerrard Natnl.	234	......	9.12	—	5.8	—
62	45	Gibbs (A.)	47	......	2.2	—	7.0	—
270	217	Gillett Bros. £1	260	......	16.95	—	9.7	—
29	19	Goode D't Mry. 5p	25	−½	0.25	—	1.5	—
153	116	Grindlays	131	−1	3.07	7.5	3.5	4.1
120	90	Guinness Peat	105	......	H5.67	—	8.1	—
330	175	Hambros	278	+2	†9.76	—	5.2	—

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Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 24	112.2	114.8	.....	4.36
Gross Inc. May 24	85.8	87.5	.....	8.23
High Yield May 24	93.3	97.5	.....	8.61

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	106.6	113.3	.....	2.70
Do. Acc.	130.7	139.0	.....	2.78
G.T. Inc. Fd. Un.	180.8	192.3	+1.1	8.20
G.T. U.S. & Gen.	125.1	133.0	+0.5	3.10
G.T. Japan & Gen.	77.1	81.5	-0.9	2.30
G.T. Pens. Ex. Fd.	212.8	223.4	.....	2.90
G.T. Int'l. Fund	150.5	160.1	-1.1	1.70
G.T. Four Yds. Fd.	58.8	62.5	.....	7.70
G.T. Far East & Gen.	43.7	46.9	-1.2	2.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	37.8	40.4	+0.2	4.78

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-625 6114
Dealing only: 01-623 5766/5806

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster May 21	42.2	44.2	.....	5.71
Exempt May 31	108.7	112.7	.....	5.95

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	55.9	58.8	+1.0	3.60

Murray Johnstone U.T. Mgmt. (a)
163 Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	71.6	76.3	.....	4.51

Dealing Day Friday.

Mutual Unit Trust Managers (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	56.6	60.0	+0.2	6.13
Mutual Inc. Tst.	77.7	83.0	+0.2	6.98
Mutual Blue Chip	48.7	52.6	+0.1	6.18
Mutual High Yld.	61.1	66.0	+0.1	8.18

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Income May 23	171.0	177.4	.....	5.65
(Accum. Units)	238.0	246.8	.....	5.65
Capt. May 23	144.4	149.8	.....	3.11
(Accum. Units)	177.8	184.4	.....	3.11

National Provident Inv. Mngrs. Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	55.1	58.7	+0.4	4.75
(Accum. Units)	69.8	74.3	+0.5	4.75
NPI O'seas. Trust	128.4	135.9	.....	2.40
(Accum. Units)	139.1	147.2	.....	2.40

*Prices on June 6. Next dealing June 20.

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	148.0	157.0	+0.5	4.48

Quilter Management Co. Ltd.
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	126.0	133.4	.....	3.57
Quadrant Income	147.4	152.0	.....	7.91

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	74.4	79.5	+1.6	5.51
Sekforde T. (Acc.)	47.1	50.4	+0.1	5.19
Sekforde T. Inc.	44.2	47.3	+0.1	5.19

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	86.0	93.0	.....	2.60
Ridgefield Income	98.0	105.0	.....	8.70

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	182.9	194.5	+0.8	3.60
N.C. Engy. Res. Tst.	119.4	127.0	+0.5	2.36
N.C. Income Fund	160.8	171.0	-0.1	7.37
N.C. Intl. Fd. (Inc.)	79.6	84.6	+0.1	1.65
N.C. Intl. Fd. (Acc.)	80.7	85.8	+0.1	—
N.C. Smllr Coys Fd.	198.3	211.0	+0.7	3.72

Rowan Unit Trust Mngt. Ltd. (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American May 31	65.5	69.0	.....	1.40
Securities June 5	205.0	216.0	.....	4.02
High Yield June 1	57.4	60.3	.....	8.31
(Accum. Units)	86.3	90.7	.....	8.31
Merlin May 30	91.2	96.1	.....	3.64
(Accum. Units)	114.9	121.0	.....	3.64

Royal Tst. Can. Fd. Mgrs. Ltd.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.54	.....	—

Net asset value May 29.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.15	12.17	.....	11.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	121	125	.....	8.00

Next dealing June 11

Gov't Secs. Tst.	96.5	100.0	.....	12.50

Next dealing June 11

East & Intl. Tst. (C.I.)	102	108	.....	3.47

Next dealing date June 14.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US2.49	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	111.58	112.14	.....	6.25

Prices at May 31. Next sub. day June 6.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$57.35	59.09	-0.06	7.97

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier Jersey 0534 74806

Barb. Int. Fund	90.0	95.0	.....	3.75

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Capital Fund	115.8	119.4	.....	—
Income Fund	67.2	69.3	.....	9.04
Gilt Bond	£1.015	1.059	.....	—

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,337	1,470	.....	2.40
Bondselex	Fr120.00	125.95	.....	2.40
Cent. Assets	£146.35	146.40	+0.30	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.67	9.72	-0.02	11.50
Gilt Trust (I.o.M.)	108.9	111.7	.....	11.50
Gilt Fnd. Guernsey	10.18	10.22	.....	11.50

Intl. Govt. Secs. Tst.

First Sterling	£19.11	19.19	-0.04	—
First Intl.	$US212.11	212.62	+1.03	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,077	-20	4.46
Guernsey Inc.	70.9	75.1	.....	2.96
Do. Accum.	90.2	95.5	.....	2.96
KB Far East Fd.		US$13.19	.....	2.27
KB Gilt Fund	£11.31	11.39	.....	10.93
KB Intl. Fund		US$12.38	.....	2.26
KB Japan Fund		US$32.29	.....	0.92
K.B. U.S. Gwth. Fd.		US$13.35	.....	1.50
Signet Bermuda		US$5.16	-0.06	1.74
K.B. Int. Bd. Fd.		$104.40	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.

FOX The world's finest umbrella frames
Fox—a member of the Raine Group, Sheffield

FINANCIAL TIMES
Wednesday June 6 1979

GUYSON
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Tel. (09434) 3422 Telex 51542

Richardson pessimistic on outlook for world economy

By David Freud

A gloomy view of the prospects for the world economy was put forward yesterday by Mr. Gordon Richardson, Governor of the Bank of England.

Speaking at the annual lunch of the Food and Drink Industries Council, he said that there had been a change of gear and low rates of growth had to be expected for the foreseeable future.

In a notably more pessimistic assessment than he has given in the past, he argued that the main result of any general upturn in the world economy had been more rapid inflation.

"As recently as last summer some felt that the long post-1973 struggle was beginning to show early signs of succeeding," he said.

"But more recent experience has, I am afraid, shown that any such hopes were misplaced. The output growth in the last half of 1978 was far stronger than we had anticipated, and there was a sharp increase in commodity prices to remind us of the risk that any sustained upturn in world activity could be braked by tensions on the commodities front."

He said that if, as had been suggested, the oil position was such that supply was constrained and prices free, the inflationary consequences of a spurt in output were only too evident.

The slackening of activity since the early 1970s could be attributed largely to the general acceleration in inflation and inflationary expectations.

Continuing uncertainties had made businessmen and consumers cautious. Governments which had come to see control of inflation as their top priority had necessarily been more cautious in their approach to expansionary policies.

All this meant that there were several major and persistent factors tending to hold back growth.

"This climate will lead to widespread problems, because many countries have come to depend on strong growth as the foundation for their social as well as their economic policy.

"In this slow overall environment, competition will be intense. There will, moreover, be additional sources of severe competition. We shall see some less developed countries increasingly moving upmarket in manufactured goods."

Continued from Page 1

Top pay

for various medical groups, but increases for some consultants may be 30 to 40 per cent.

This is because the report also "prices" the new type of contracts agreed with consultants and medical assistants. Payments for these new contracts will add about 14 per cent to the 1978-79 pay bill for these two groups in a full year.

With the new salary scales a house officer's overall earnings will rise to a minimum of £6,024; a senior registrar on maximum to £11,090; a consultant on maximum to £15,909. Average net earnings for medical practitioners will rise to £12,867, and for general dental practitioners to £11,128.

The British Dental Association welcomed the pay rises, but both it and the British Medical Association said they were disappointed that full pay comparability had not been implemented immediately.

The review body says that the staging is justified because of the need to contain inflation, a point which the BMA says is outside the review body's terms of reference.

The BMA said that some of the consultants' new fees were totally inadequate, and many consultants would find it advantageous to remain on the old form of contract.

China to supply Egypt with 60 MiG-19 fighters

BY ROGER MATTHEWS IN CAIRO

CHINA HAS signed an arms deal with Egypt understood to involve supply of at least 60 MiG-19 fighter aircraft.

President Anwar Sadat said this during a speech to the Egyptian armed forces yesterday, but gave no details.

The Chinese decision is sure to be considered provocative by the Soviet Union, principal arms supplier to those hardline countries most bitterly opposed to Mr. Sadat's peace efforts.

The MiG-19 will fill gaps in Egypt's ageing and predominantly Soviet-built air force. This has been chronically short of spares for some years so that some aircraft have been cannibalised.

The air force includes, in theory, 90 MiG 15s and 17s, nearly 200 MiG-21s, and 21 MiG-23s.

The MiG-19, an all-weather interceptor, had been phased out of the Soviet Air Force by the end of the 1950s. But it was subsequently developed further by China, where it is known as the Shenyang F-6, and is believed to be still in production there.

Mr. Sadat said that Egypt would set up her own armaments industry to replace the Arab Organisation for Industrialisation in Egypt, from which Saudi Arabia, Qatar and the United Arab Emirates are withdrawing in protest at the peace treaty with Israel.

Vice-President Mohammed Hosny Mubarak of Egypt is expected to visit the U.S., Britain and France soon in an effort to persuade those countries to continue participation in building jeeps, anti-tank missiles, helicopters and fixed-wing aircraft.

This is the first time that China has become involved militarily on such a large scale in the Middle East.

Mr. Sadat expressed his deep appreciation to the Chinese for their assistance, which he said had been made without ulterior motives. Earlier he recalled that he had ejected Soviet technicians from Egypt in 1972, and now had successfully diversified his country's arms supplies.

China started assisting Egypt three years ago with spares for her air force.

Mr. Sadat drew warm applause from his military audience when he said Egypt would have her own armaments industry.

But he first has to persuade American Motors, Britain's Westland Helicopters and the Dynamics Division of British Aerospace that the joint-venture companies set up under the Arab Organisation for Industrialisation are still viable and the funds available, after withdrawal of the three Arab States which provided the $1.04bn capital for the organisation.

Mr. Sadat said he regretted the decision of the Arab states, but the correct procedures would be followed for dissolving the organisation.

As its statutes do not provide for its dissolution without agreement of all four partners, this indicated that Egypt intends to maintain her freeze on its substantial funds held in Cairo banks.

Retail sales rise sharply

BY DAVID FREUD

RETAIL SALES rose much more sharply in April than was estimated initially.

Spending in shops over the first four months of the year was in line with the peak levels at the end of 1978, in spite of the winter's industrial disputes.

The revised index for the volume of retail sales, released by the Department of Trade yesterday, stood at 115.4 in April (1971=100, seasonally adjusted). This was nearly a full percentage point above the estimated level of 114½ and compares with a March figure of 110.8.

There was a substantial rise in new credit advanced for hire purchase.

The retail sales index is at its highest point apart from the exceptional trading month of April 1975, when there was a buying spree ahead of the imposition of a 25 per cent higher rate of VAT.

Department of Trade officials rule out pre-Budget speculation in the high April level of sales.

They believe the key factors were bunching of purchases after the bad weather and industrial disruption of the winter, widespread special offers by shops and a further rise in real disposable incomes.

The improvement was reflected in all the sectors, with the April figure for clothing and footwear 14.8 per cent higher than in April 1978; durable goods, 10.8 per cent up; other non-food 6.3 per cent; and food 5.2 per cent.

Taking the first four months of 1979 as a whole, food sales were about 1 per cent above the level of the final quarter of 1978, sales of durable goods were about the same and those by clothing and footwear and other non-food shops were down 1 per cent.

New credit extended by finance houses and retailers rose by £42m to £572m in April, seasonally adjusted.

The rise brought the overall increase in the February-April period to 3 per cent above the previous three months.

Table, Page 8

Paris welcomes Mrs. Thatcher

BY ROBERT MAUTHNER IN PARIS

MRS. MARGARET THATCHER, the Prime Minister, and President Giscard d'Estaing of France, yesterday set the stage for closer Anglo-French relations, following the often cool and sometimes hostile climate that marked the Labour Government's dealings with Paris.

The Prime Minister, wearing a smart navy blue ensemble and, much to the disappointment of the French, without her famous hat, had at least one hour's tête-à-tête with President Giscard. It was her first official visit to a foreign capital since the Conservative election victory last month.

The meeting, which was mainly intended as an opportunity for the two leaders to get to know each other, was described by Mrs. Thatcher has having gone "very well indeed." M. Pierre Hunt, the French Government spokesman, called it "cordial, even friendly."

After their private meeting during which they discussed a wide range of subjects covering European affairs, Africa, international economic relations, energy problems, and defence, Mrs. Thatcher and President Giscard were joined by M. Raymond Barre, the French Prime Minister, and Lord Carrington, the Foreign Secretary. Discussions continued over lunch at the Elysée Palace.

The Prime Minister made it crystal clear that her Government was fully committed to the European ideal and would take an active part in promoting European unification. President Giscard welcomed this statement with great satisfaction.

Mrs. Thatcher was understood to have stressed, however, that this did not mean Britain would refrain from defending its national interests particularly on such controversial issues as national contributions to the Community budget, agricultural policy and fishing.

Mrs. Thatcher also emphasised that Britain was greatly interested in improving bilateral relations with France at all levels.

Defence problems came up in a very general way in the discussions but there was no attempt to go more deeply into the possibility of nuclear defence co-operation between the two countries.

After her talks with President Giscard, Mrs. Thatcher flew to the South of France, to inspect the Eurodif uranium enrichment plant at Tricastin, built in co-operation with Italy, Belgium and Spain, which opened in April.

Silkin warns of EEC cost

BY PHILIP RAWSTORNE

THE COST to Britain of its Common Market membership would be "insupportable" by 1982 unless there were changes in the present budgetary arrangements, Mr. John Silkin, Labour's former Agriculture Minister, said yesterday.

His attack coincided with criticism from former Tory Prime Minister, Mr. Edward Heath on the cost of the Common Agricultural Policy.

Mr. Silkin said the EEC was now moving towards a financial crisis, which would probably reach a peak in 1982. According to the EEC Commission's figures, the farm budget would be running at about £10bn a year, with Britain paying about £2bn of it.

"The British contribution in 1982 would be greater than its revenues from North Sea oil," he said. "That will be the danger."

Withdrawal from the EEC would be one of the options then open to Britain, but the decision would have to be taken by the British people, Mr. Silkin said.

He gave a warning that the country would demand real and not cosmetic attempts to reduce the size of its contribution to the Community.

Mr. Heath, speaking at Matlock last night, also highlighted the problems the Community would face when it reached its agreed budgetary limits in 1981.

"It is going to be very difficult to persuade governments to provide any more finance to it after that," he said.

Some changes would be needed in the Common Agricultural Policy, which already consumed 75 per cent of the budget, to release resources for tackling other pressing problems and to end food surpluses.

Mr. Heath said generous economic assistance would be required for Greece, Spain and Portugal when they joined the EEC. More finance would be needed for tackling the problems of energy, environment, youth unemployment and industrial rejuvenation. A strong and reliable CAP would be needed to ensure adequate food supplies.

"But every insurance policy has a maximum price. The price of CAP in its present form is discrediting the Community in the eyes of many in Europe and outside it whose support it most badly needs."

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Euro Election News Page 2

William Press directors on tax charges

By Michael Cassell

THE MANAGING director and finance director of William Press, the engineering and construction group, were among 11 of the company's employees charged yesterday with conspiracy to defraud the Inland Revenue.

A summons was also served on the company at its London headquarters. The charges follow a 15-month investigation by the Inland Revenue, assisted by Scotland Yard's company fraud squad, into alleged taxation offences involving payments to labour-only subcontractors.

A statement made yesterday to the Stock Exchange by William Press said that it intended to "vigorously defend the charges made against it."

The inquiry formed part of the Inland Revenue's widespread investigation into potential abuses generated by the construction industry's "lump" labour system, under which hired operatives are paid in cash and contractors are expected to deduct tax payments. The introduction of a tax deduction scheme in 1977 has, however, closed many of the loopholes inherent in the system.

In March last year, eight William Press offices throughout the country received early morning visits from Inland Revenue inspectors and documents were taken away. Shortly afterwards, the company said that if any taxation liabilities—which they did not admit—were arising, they were unlikely to exceed £2m.

All 11 men concerned were yesterday brought to Holborn police station, London, some of them flying from Glasgow in the company of police and Inland Revenue officers. They were charged with conspiracy to defraud and released on bail to appear this morning at Bow Street Magistrates' Court.

Those charged were: Mr. Raymond Daniels, managing director of the company; Mr. Alan Gravelius, finance director; Mr. Cecil Nightingale, manager special services department; Mr. Dennis Searle, general manager southern division; Mr. Paul Wood, group head office manager; Mr. David Gibson; Scottish unit manager; Mr. Ronald McGregor, administration manager, Scotland; Mr. David Mills, contracts manager Scotland; Mr. Andrew Hendry, wages supervisor Scotland; Mr. Norman Sherwood, general manager northern division; and Mr. Ronald Reddy, financial controller northern division.

William Press, an international industrial plant and mechanical engineering group which has been particularly successful in the energy-related engineering field, recorded a 1978 profit of £12.31m pre-tax on a turnover of £218m. The company's shares dropped 1p yesterday on news of the charges.

Weather

UK TODAY

BRIGHT INTERVALS, rain in places.

London, S.E. and Cent. S. England, E. Anglia, E. Midlands, N.E. Scotland

Early rain in places. Becoming brighter with scattered showers developing. Max. 19C (66F).

Rest of UK

Bright or sunny intervals. Scattered showers. Max. 18C (64F).

Outlook: Sunny periods and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	Lisbon	S	25	77
Algiers	C	25	77	Locarno	F	25	77
Amsdm.	C	17	63	London	C	17	63
Athens	S	27	81	Luxmbg.	C	20	68
Bahrain	S	43	109	Luxor	S	39	102
Barclna.	S	24	75	Madrid	F	26	79
Beirut	S	28	82	Majorca	S	28	82
Belfast	F	15	59	Malaga	S	24	75
Belgrd.	S	27	81	Malta	S	29	84
Berlin	S	29	84	Mchstr.	C	16	61
Biarritz	C	17	63	Melbne.	C	17	63
Bmghm.	C	17	63	Milan	R	21	70
Blackp'l	C	15	59	M'ntreal	C	18	65
Bordx.	C	17	63	Moscow	F	19	66
Boulgn.	C	12	54	Munich	S	26	79
Bristol	S	17	63	Nairobi	C	19	66
Brussels	C	16	61	Naples	S	27	81
Budpst.	S	27	81	Nwcstl.	S	18	64
B. Aires	S	13	55	N. York	F	23	74
Cairo	S	34	93	Nice	F	26	79
Cardiff	C	15	59	Nicosia	C	20	68
Cape T.	C	15	59	Oporto	S	22	72
Chicago	S	17	63	Oslo	S	26	79
Cologne	C	25	77	Paris	C	16	61
Cpnhgn.	S	25	77	Perth	S	16	61
Corfu	S	29	84	Prague	F	30	86
Dublin	C	14	57	Reykjvk.	Fg	7	43
Dbrvnk.	S	28	82	Rhodes	F	24	75
Ednbgh.	C	15	59	Rio J'o	S	27	80
Faro	S	23	73	Rome	S	30	86
Florence	R	29	84	Salzb'rg	S	28	82
Frankf't	F	24	75	Singpr.	S	31	88
Funchal	F	20	68	Stckhm.	S	25	77
Geneva	F	22	72	Strasb'g	C	24	75
Gibrltr.	S	21	70	Sydney	C	15	59
Glasgow	C	13	55	Tangier	S	25	77
G'msey	F	13	55	Tel Aviv	S	27	81
Helsinki	S	23	73	Tenerife	C	16	61
H. Kong	S	29	84	Tokyo	C	35	95
Innsbrk.	F	29	84	Toronto	C	15	59
Invrnss.	C	13	55	Tunis	F	25	77
I.o.Man	F	14	57	Venice	S	28	82
Istanbul	F	23	73	Vienna	S	29	84
Jersey	F	13	55	Warsaw	S	26	79
Jo'burg	S	18	64	Zurich	F	23	73
L. Plms.	F	21	70				

C—Cloudy, F—Fair, Fg—Fog, R—Rain, S—Sunny.

THE LEX COLUMN

Equity top-up for Grand Met.

Following closely on the heels of MEPC another of the over-stretched convalescents of the mid-1970s, Grand Metropolitan, has lumbered to the head of the rights issue queue. It is raising just over £80m through a one-for-seven offer at 136p, and the issue will take the total of rights money raised so far this year to over the £500m mark.

With the queue now apparently filled out for several months ahead, it looks as though the sub-underwriters are getting a little more anxious about terms, and the Grand Met issue was fixed at a discount of a little over 16 per cent on Monday night's price. Future discounts could well need to edge higher still, with fund managers noting the sharp 10p setback in Grand Met's share price on the news, while at least one of the recent issuers—Thomas Tilling—is causing the underwriters to sweat just a little.

This is in fact the second rights issue which the group has needed since the Watney takeover, and in between the balance sheet has been further restored by the conversion of a large chunk of loan stock in 1978 and by a lengthy corporate economy drive.

But now Grand Met is plainly tired of living within its means, even though its current cash flow can probably cover capital spending of £110m this year. Moreover like most large British companies Grand Met feel it ought to be buying up chunks of North America, and U.S. bankers are liable to turn up their noses at its current gearing ratio; debt is financing over 40 per cent of tangible capital employed.

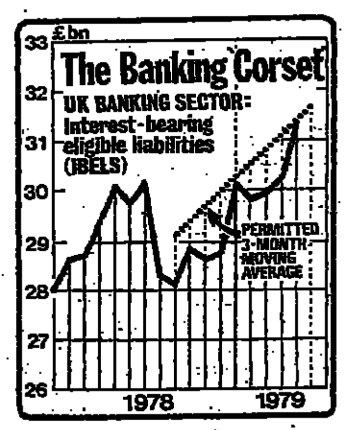
After the issue borrowings should fall to not much more than a third of capital employed, depending on how much advantage the group takes of all the new capital investment projects (showing unspecified but "substantial" returns) being planned by its subsidiaries, and on acquisition developments. Meantime the interim results show solid growth of a fifth to £52.2m despite weather problems in hotels, catering and brewing, and given a good summer the total could go close to £140m for the full year. The prospective ex rights yield is 6.3 per cent.

Banking figures

There was little joy for the gilt-edged market in the latest set of banking figures. Eligible liabilities, having risen by 3.1 per cent in April, were up by another 1.9 per cent in the May banking month. Worse still, clearing bank lending continued to be extremely buoyant.

Taking the money supply implications first, it looks as if

Index fell 1.6 to 509.3



sterling M3 probably grew by between one and one and a half per cent during banking May. In common with the previous month the rise in overseas residents sterling deposits will have helped inflate eligible liabilities and not sterling M3. Nevertheless it still seems as if the money supply is growing above the last Government's target.

However, the real worry is the trend in bank lending. Admittedly, the clearing banks' experience last month may not be typical for the banks as a whole and there are still plenty of special factors which can be trotted out to explain why bank lending may have been unnaturally inflated. However, these arguements are beginning to wear rather thin.

The clearing banks are still within their corset limits but are uncomfortably aware that they might not be in a couple of months time. Last month their interest bearing eligible liabilities (IBELS)—measuring their corset position—leapt by 3.9 per cent. If they grow by the same amount next month the banks will be in trouble.

With the corset beginning to threaten the banks they are starting to lobby for some sort of relaxation. But the whole point of the supplementary special deposit scheme was to curb any development like the current explosion in bank lending, and the banks have had plenty of time to put their houses in order.

De La Rue

De La Rue's pre-tax profits, at £26.6m against £28.3m, were at the very bottom end of the market's range of expectations, and the shares fell sharply on the announcement, only to recover and close 11p higher at 488p after the company's statement had been digested. De La Rue is promising a supplementary dividend of 6p gross—making an effective total of 22.5p—if controls are removed and its statement on prospects is unusually bullish.

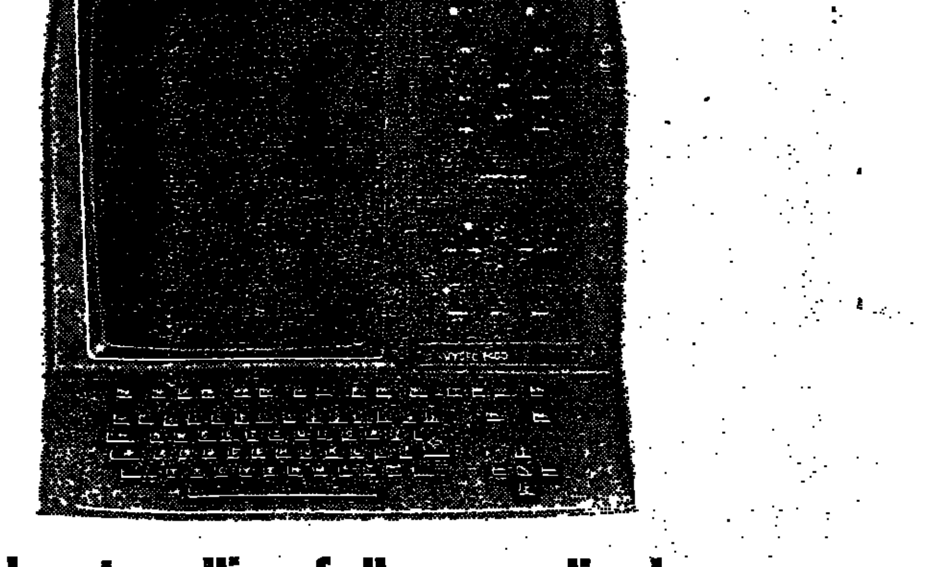
In the year just finished the group's difficulties stemmed from two sources—the strike at the Gateshead banknote factory which may have cost £3m, and losses of perhaps £2½m (after heavy stock write-offs) at De La Rue Crosfield, the mony handling business. The group has lost no banknote contracts and should recoup the Gateshead losses in the current year, while De La Rue Crosfield ought to break even. There should also be good organic growth on the banknote side, and at Security Express, while Crosfield Electronics, which doubled trading profits to £5m last year, is still going ahead strongly.

This could all add up to £38m pre-tax in 1979-80, which puts the shares on a prospective fully-taxed p/e of under 11. The company has plenty of cash and if the extra dividend promised this year is any clue to its ideas of what cover is appropriate the gross dividend might rise to not far off 30p. Meanwhile, the yield is 4.7 per cent assuming the supplementary dividend is paid.

Northern Foods

At the trading level Northern Foods shows an advance of 2 per cent in first half profits to £15.8m, but earnings per share are up by less than 5 per cent, a distinctly modest showing by the normal standards of the company. A first time contribution of nearly £2m from Port Farms is offset by the loss of a £0.8m dividend from British Credit Trust, now sold, and the absence of last year's £1.1m milk margin award. The depreciation charge is up sharply and investment earnings are down. The message from the company is that 1978/79 is a year of consolidation before the benefits of recent plant investment come through.

But some trading divisions have barely marked time: like Grand Met's Express Dairy Northern Foods has found the going heavy on the liquid milk side, without enjoying the benefits of Express's large butter and cheese business. There is now the problem of how milk demand will react to the 1½p pint price increase. Beer volume has been down, and it looks as though most of the trading profit growth has come from the acquisition, Port Farms, and on the cakes side where Northern Foods may have been able to capitalise on the loss of production its competitors suffered during the strike. The shares, at 126p, stand on a fairly testing prospective fully taxed multiple of around 14, and yield 4.9 per cent.



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Italy likely to opt for interim government

BY PAUL BETTS IN ROME

ITALY'S POLITICAL parties are expected to opt for an interim government until the autumn after the inconclusive outcome of the weekend's elections.

An eventual more stable formula could well involve a return of the centre-left alliance of the 1960s between the Christian Democrats and the Socialists, backed by the smaller lay parties which did unexpectedly well in the voting.

The Socialists, with 9.8 per cent of the vote, are likely to play a key role when the new Parliament is convened on June 20 and President Sandro Pertini begins consultations for the formation of a new Government.

The process is expected to be particularly lengthy this time, especially if the Communist Party decides to carry out its threat to return to opposition if it is not given seats in the new Cabinet.

However, after their first electoral setback in 30 years, it looks increasingly likely that they will go into opposition. Christian Democrat leaders repeated yesterday that the results represented a flat rejection by the electorate of the communists' participation in government.

Yet the fact that the Christian Democrats failed to make any gains in the election, could advance the case for a new governing formula.

The Communists saw their votes decline by 4 percentage points to 30.4 per cent in the Chamber of Deputies and by 2.3 points to 31.5 per cent in the Senate.

They appeared to have lost the support of the youth which apparently turned to the Small Radical Party. The Radicals now hold 18 seats in the Chamber, compared to the four they held previously.

The Christian Democrats lost one Chamber seat and saw their votes decline marginally from 38.7 per cent to 38.3 per cent in the senate, the party gained three seats but its vote also dropped slightly from 38.9 per cent to 38.3 per cent.

The biggest surprise was the performance of the smaller lay parties in the centre, Republicans, Liberals, Social Democrats and Socialists, which all held their ground or saw their votes increase.

Pyrrhic victory over Communists Page 18

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V G H
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London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

♠ Sterling denominated securities which include investment dollar premium.
• "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.

... dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	87	......
Ash Spinning	105	......	Sindall (Wm.)	140	......
Bertam	25	......	**IRISH**		
Bdg'wtr. Est. 50p	415	......			
Clover Croft	26	......	Conv. 9% '80/82	£91	......
Craig & Rose £1	£11½	......	Alliance Gas	80	......
Dyson (R. A.) A	33	+2	Arnott	400	......
Ellis & McHdy	70	......	Carroll (P.J.)	112	......
Fife Forge	56	......	Clondalkin	85	......
Finlay Pkg. 5p	19	......	Concrete Prods.	100	......
Graig Ship. £1	200	......	Helton (Hldgs.)	74	......
Higsons Brew	78	−2	Ins. Corp.	225	......
Holt (Jos) 25p	250	......	Irish Ropes	95	......
I.O.M. Stm. £1	158	+1	Jacob	37	......
Pearce (C. H.)	225	......	T.M.G.	190	......
Peel Mills	30	......	Unidare	87	......

OPTIONS

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Industrials					
A. Brew	9	I.C.I.	24	Unilever	55
BOC Intl.	6	"Imps"	8	U.D.T.	5
B.S.R.	7	I.C.L.	55	Utd. Drapery	10
Babcock	18	Inveresk	7	Vickers	18
Barclays Bank	32	KCA	5	Woolworths	7½
Beecham	52	Ladbroke	22	**Property**	
Blue Circle	18	Legal & Gen.	14		
Boots	18	Lex Service	11	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9

A selection of Options traded is given on the London Stock Exchange Report page

Cautious party line on likely turnout in UK

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE UK Labour and Conservative parties yesterday issued last minute appeals for their supporters to vote in today's first direct elections to the European Parliament.

It was very noticeable, however, that leading figures in the two major parties seemed very unsure of the probable size of the turnout. They took an extremely cautious line, and refused to be drawn into predicting the result.

Speaking at the final Conservative news conference of the campaign, Mrs. Margaret Thatcher, the Prime Minister, emphasised that it was essential for the maximum number of electors to use their votes "on this great historic occasion."

It was the first time, she said, that 180m electors in nine countries had the opportunity to choose from 2,500 candidates in an international election.

She again stressed that the Tory Government is committed to the European ideal. It would be trying to obtain a better deal for Britain from the EEC budget and in this the European Parliament had a major part to play.

She thought that the British Conservatives might be the biggest single national party in the Parliament but declined to forecast how big today's vote would be.

The Prime Minister also returned to her controversial weekend speech, on the part which the EEC had to play in the defence of the West. She explained that she had not been advocating a definite defence stance for the Community. That was the task of NATO. But she was suggesting closer co-operation between the EEC and NATO.

Lord Carrington, the Foreign Secretary, intervened to expand on the Conservative position. NATO had the task of providing security for Europe, but the EEC had to provide a strong economic basis for this. They were, however, two distinct organisations.

At the Labour Party news conference, Mr. Michael Foot, Leader of the Commons in the last Government, said that the Labour vote could well be much bigger than the poor turnout being predicted by some newspapers. Nevertheless, like Mrs. Thatcher, he would not be drawn into any specific forecasts.

Mr. Anthony Wedgwood Benn, the former Energy Secretary, claimed that Labour's campaign had now "taken off." Voters understood the party's European policy in which all countries would co-operate on the basis of national self-government.

Mr. Benn also attacked Mrs. Thatcher's weekend speech on defence. He warned that if the Tories won a large number of seats in the Parliament it would pose a threat to detente and could undermine co-existence and co-operation between the Soviet Union and the West. He believed that Mrs. Thatcher was resurrecting the idea of a Western defence community.

A Habsburg is CSU's secret weapon

By Roger Boyes in Bonn

THE HABSBURG Family, former emperors of Austria-Hungary, once ruled over one quarter of Europe. Fortunately, for Europe, perhaps, Dr. Otto von Habsburg, son of the last Austro-Hungarian Emperor, has more modest ambitions. He wants to be elected to the European Parliament.

Dr. von Habsburg, 66, an historian and journalist, is a secret weapon for the Bavarian-based Christian Social Union (CSU) in its election campaign.

The not-so-secret weapon is Herr Franz-Josef Strauss, leader of the CSU. He is not standing for the European Parliament, but inevitably shares a platform with Dr. von Habsburg.

His passionate oratory helps to warm up the audience for the Emperor's son, whose somewhat reedy voice just manages to float over the heads of the security men and troupes of dancing children.

Despite the difference in style, the message of Herr Strauss and Dr. von Habsburg is the same: Europe needs to be strong and united to resist the Soviet threat.

German reunification, they say, is only possible in a European framework (CSU activists are unwilling to elaborate on this proposition).

Like its sister-party, the Christian Democrats, the CSU is campaigning on a dual slogan: "Vote for a free, Christian Europe and against a Socialist Europe."

The CSU add a further rallying call—a CSU vote, they say, will help bring about a "federal" continent.

This has particular resonance for Bavarians. Throughout history, the notion of federalism has helped to secure Bavaria a brand of limited sovereignty and guaranteed it a special status in Germany.

Dr. von-Habsburg, though not a card-carrying CSU member, is especially useful to the party in conveying this historical continuity.

The party seems to be quite happy to have a non-CSU member as one of its leading candidates for the European Parliament. However, Dr. von Habsburg at times goes a little too far even for the solidly right-wing CSU.

He has called, for example, for the European nations to accept that a strongman should be allowed to take over government for up to nine months (suspending all laws) during emergencies, such as nuclear blackmail.

Many Bavarians, schooled on the powerful language of Herr Strauss, like this sort of outspokenness. But the CSU is grateful too that it can, if necessary, distance itself from his more extreme views.

The other side of this coin is that the CSU can sometimes use Dr. von Habsburg as a mouthpiece for its dissatisfaction with its opposition partner, the CDU.

Herr Strauss in Munich last month used the platform of a European election meeting to attack Dr. Helmut Kohl's leadership.

Now that Herr Strauss has declared he would like to be the opposition's official contender for Chancellor against Herr Helmut Schmidt in next year's election, he has to tread somewhat more carefully in criticising the CDU leader.

Meanwhile, Dr. von Habsburg has taken to making oblique remarks about the quality of CDU leadership and on the need for a strong opposition to the "forces of Socialism."

"Dr. von Habsburg," a CSU party worker said yesterday, "has a perfect right to say what he wants."

MR. EDWARD HEATH

Towering figure in Tory campaign

BY ELINOR GOODMAN, LOBBY STAFF

FOUR O'CLOCK in the afternoon in a small Huntingdonshire village, where Tory ladies still wear hats and the trees blossom with rare signs of European life in the shape of Conservative European posters, Mr. Edward Heath is making one of the last appearances in his 7,000-mile European crusade.

Doesn't he agree, asks one lady with razor-sharp vowels and a proven record of supporting the EEC as a member of the European Union of Women, that the idea of Europe goes over much better if it is referred to as the "European Community" rather than as the "Common Market."

Mr. Heath agrees, but not perhaps for the reason she has in mind. Like a computer programmed to give certain responses to a limited number of key words, he uses the question to explain yet again his vision of the Europe he took Britain into as Prime Minister, and whose ambassador he is now prepared to be in the smallest of village halls as the Conservatives' most cosmopolitan backbencher.

Europe, he states with a degree of conviction which makes complaining too loudly about butter mountains and wine lakes seem almost niggardly, is not just a question of "butter and fish." There is, he insists, a spiritual dimension to it as well.

It is this conviction which has sustained him during his three weeks' tour of Brtain on behalf of the Tories' European candidates. By the time the electorate goes to the polls today, he will have given 35 major speeches, probably twice as many "minor" ones in assorted village halls and committee rooms, appeared on practically every available local radio station, and painstakingly explained the virtues of Europe on numerous television programmes.

Mr. Edward Heath

In the process, he has—temporarily, at least—sacrificed his waistline at the altar of Europe by eating all that has been offered to him at the 30 or so fund-raising lunches he has attended, and has gone a long way towards making up for any offence he may have caused the party faithful last autumn by speaking out of turn on pay at the annual conference.

His contribution to the campaign has dwarfed that of the entire Cabinet put together. Mr. Heath may no longer lead the party in Westminster, but it is he and not Mrs. Thatcher who has dominated the Tories' European campaign.

Although he made even more speeches in last month's general election campaign, he has seemed much more relaxed when speaking on behalf of the European candidates.

For a start, he could be reasonably excused for not mentioning Mrs. Thatcher by name, as she is not standing for Europe. Nor is there any obvious issue, like pay policy, on which she and Mr. Heath disagree in a European context.

He may be a much more devout European than most members of Mrs. Thatcher's Cabinet, but there was little danger that he would actually contradict the party line on Europe.

The European manifesto was sufficiently vague to encompass most shades of pro-European opinion: and even if he had deviated from it, the boredom of the media in general with Europe is such that they probably would not have noticed.

Apart from the occasional speech on a particular policy, his basic rallying cry has not changed much during the three-week campaign. Whether addressing a lunchtime meeting at the Nuneaton Conservative Club where, sitting on the stage in front of a well-stocked bar, he looked like part of the cast in a repertory play, or speaking at the Cambridge Union, he has stuck to the same basic outline and told the same few jokes.

Denying that the European Parliament is a body without powers, he has compared it repeatedly to the U.S. Congress. In keeping with the party's manifesto, he has acknowledged that both the Community budget and its agricultural policy need reforming.

But he has succeeded in giving the impression that this is not really the Community's fault, and that in any case such drawbacks are relatively insignificant in the context of the long-term benefits of membership.

In the last few days of the campaign, each speech has ended with an emotional appeal to vote today, which has managed to combine both the Tories' traditional pride in Britain with a thoroughly modern belief in Europe.

Plucking at the conscience of all good nationalists, he has painted the pathetic picture of some poor British MP in the bar at Strasbourg being derided by some over-confident Frenchman because he was elected by only a tiny minority of the population, whereas the Frenchman (who is naturally paying for the drinks because he is richer) had the backing of millions behind him.

June 7, he has concluded, will go down in the history books as the day that Europe took another step towards democracy. Because of this, his audience would want to be able to say: "Yes, I was there; I participated, and helped Europe become more democratic."

The audience response to this appeal varied from a slightly embarrassed titter at the Cambridge Union to an impressed silence, followed by long applause, from party workers.

Mr. Heath will have every reason to remember June 7. Not only has he proved his dedication to both the Conservative Party and Europe, but today will be almost the first day since the beginning of the general election campaign two months ago that he has not either given a speech or seen the inside of a Conservative committee room.

Problem of the motorway parliament

By Margaret Van Hattem in Brussels

ABOUT six times a year, a bizarre caravan sets out from Luxembourg. Five hundred officials, secretaries and typists accompanied by pantechnicons loaded with files, filing cabinets and tin trunks packed with documents, stream down the motorway to Strasbourg.

It is the European Parliament, which with the wisdom of Solomon, is settling an old dispute by dividing itself in two.

Newly-elected members of the European Parliament face a huge row should they try to do away with this curious ritual. National dignity, and quite a lot of money, are at stake.

Candidates for the elections have so far scrupulously dodged the crucial issue of where they will meet—crucial because it will, to a large extent, determine their effectiveness as watchdogs on two other big Community institutions—the Commission, and the Council of Ministers.

If the new Parliament, like the old one, is forced to sit in Strasbourg and/or Luxembourg, it will have the same struggle to make its voice heard in Brussels, however many new powers it seizes.

By keeping the old Parliament out of Brussels except for a number of committee meetings, national Governments ensured maximum difficulty for MPs trying to build up the close unofficial links with Commission officials. Council officials and diplomats which in Brussels often provide the only means of finding out what is really going on.

Going by the debates and reports of the old Parliament, Members often had little idea of what was going on.

Clearly, the Parliament will be a more effective watchdog if it sits in Brussels.

But getting it there requires a decision by national Governments, who will not court interference in their work through the Council of Ministers, and who are not keen to see the European Parliament any stronger, lest it threaten their sovereignty.

Besides, the unofficial campaign to put the Parliament in Brussels has, from the start several years ago, met unshakeable opposition from France and Luxembourg, at present engaged in a race to construct bigger and better buildings to house the directly-elected Parliament.

Community institutions own no real estate. Until now, the Parliament has been housed in buildings rented from the Government in Luxembourg, and in Strasbourg, sub-let by the 22-nation Council of Europe which, in turn, rents the buildings from the civic authorities.

With the doubling of Euro-MPs from 198 nominated ones to 410 directly-elected ones, the Parliamentary Chambers and other facilities in use in these centres are no longer big enough.

Both centres have, therefore, with funds from their central Governments, constructed entirely new buildings. The Strasbourg complex will be ready for the first post-election session. The Luxembourg buildings are due to be completed by November 1.

The rent on these buildings is minimal compared with the economic spin-off.

Twenty years of such cash inflows have meant an enormous boost to the tiny economy of Luxembourg, to whom a sudden withdrawal would be catastrophic.

In Strasbourg, the issue has more subtle overtones. Mayor Pierre Pflimlin, a leading figure in M. Jean Lecanuet's Centre Democratique party, whose support ensured victory for President Giscard in his first Presidential election, has convinced the Government in Paris that he is owed a favour.

Strasbourg has, since the war, been a stronghold of moderate Gaullists. So far, these have preserved a discreet distance from the aggressive line pursued by Gaullist leaders such as M. Jacques Chirac and M. Michel Debre, which is causing so many headaches to Giscardiens in Paris.

Should the Government weaken its support for Strasbourg as a seat of the Parliament, this gap may well be bridged.

East Europe looks on with bitterness

BY LESLIE COLITT IN BERLIN

WESTERN EUROPE'S election has become a bitter pill to swallow for 108m East Europeans in six small countries tied closely to the Soviet Union.

"We have shed too much blood for Europe in our 1,000-year history to simply allow ourselves to be excluded from Europe," explains a Hungarian historian.

Ironically, the Soviet Union, after bitter opposition, has come to terms with what it now calls the "objective reality" of Western European integration. Moscow is raising the spectre of a uniting Western Europe to forge closer political and economic ties between the Warsaw Pact countries. And as the Soviet Union is the towering partner in such relations, most of the other East European countries view the integration plans with alarm.

East Germany's leaders, however, are zealously putting forth the Soviet arguments that the European Community is a threat to the Warsaw Pact.

The foreign affairs weekly of the East German Government writes that the "monopoly bourgeoisie" in the European Community is determined by means of "imperialist integration" to create an important instrument to secure the "monopoly capitalist system" and to "actively combat socialism."

This, though, remains a minority view in Eastern Europe. East Europeans are far more concerned about being relegated by West Europeans to a status of "former Europeans."

Jerzy Sulek, of the Warsaw Institute of International Affairs, finds the words European Parliament express a "political egocentricity, a presumption to speak in the name of all of Europe and not only for Western Europe."

East Europeans say they have nothing against West Europeans directly electing their Parliament to draw closer together. What they object to is what the Hungarian historian calls the Western European Parliament's claim to be the "sole representative of Europe."

At a discussion about the European elections between Hungarians and a Westerner, a Hungarian actress said: "We watch the European elections as if we were at an exhibition because it actually isn't our affair, although we feel ourselves to be Europeans."

A Hungarian musician notes that "the East Europeans could also create a community, hold another European election and regard themselves as the sole Europeans but they won't do it."

Professor Dezső Keresztury is a former Hungarian Minister of Culture who explains his "mixed feelings" when he hears of the European elections.

First, he notes there is the positive exercise of "democratic principles through direct elections" and then there is, the "danger of a strong new emphasis on the leadership role of Western Europe to speak alone for all Europe."

Professor Keresztury goes on to say that European history has had its experiences with "several coalitions even more difficult and dangerous than this one" and that he is convinced Europe will nevertheless maintain its identity.

MRS. BARBARA CASTLE

'No new market' for British goods

BY BARBARA DALZELL

IF Mrs. Barbara Castle, were taking part in a political popularity contest on June 7, she would undoubtedly be the winner for the Greater Manchester region. Instead she is Labour's candidate for the European Parliament constituency of Greater Manchester North—and the result seems likely to be the same.

The constituency, stretching from Bury to Oldham, is considered a safe Labour seat. But Mrs. Castle is leaving nothing to chance in her efforts to win the support of the area's 350,000 voters. Her campaign programme includes public meetings, tours of factories, offices and hospitals, meet-the-people expeditions to supermarkets and shopping centres.

She pinpoints her two main enemies as apathy and antagonism to the European Community. "We don't know how people will react to voting for something they don't much care about—and what they do know, they don't like."

Distrust of the EEC has enabled her to make a strong plus point of her anti-Market reputation. She stresses the need for someone who will look after the interests of British consumers. She warns against the dangers of a European decision-making process which takes little account of British problems. She ridicules the contention that the EEC offers great opportunities to British industry.

"The majority of managers I've spoken to say the EEC is doing them no good. It hasn't opened up any new markets for them. They can compete on price and quality, but there is still a strong nationalist bias. West German buyers want to buy West German goods, French buyers are still buying French goods."

As a result, she says, British industry is concentrating on finding non-European markets, in Asia, the Middle East, the Commonwealth and the United States.

Her main election platform, however, is rising food prices. The campaign began sluggishly but has gained momentum in the last fortnight. "People have been motivated by high prices—Mrs. Thatcher's high prices. There was doubt and confusion at first, but now Labour voters hit back at the Conservative Government and Tory high prices."

She loses no opportunity to press home this point. She finds a woman inspecting the meat counter at the Tesco super market in Prestwich. "How are the prices, dear? Worse than ever?"

She moves on past a shop assistant sticking prices on to canned goods. "Prices gone up again then, luv?" She stops to explain to another shopper how the EEC forces up food prices. "Under the Common Agricultural Policy, prices are fixed centrally, so we've got to pay prices that cover the least efficient farmers.

"Take lamb, for example. The French produce lamb, so the EEC makes us pay an extra 20p in the pound for New Zealand lamb. Why should we pay EEC prices when we could buy New Zealand lamb more cheaply? We've got to abandon the concept of common prices. I'm deeply opposed to any taxes on food. They're obscene."

Mrs. Castle offers a two-part interim solution: the British Government must freeze any further increase in food prices until the CAP is reformed, and Britain must be allowed to resume imports of cheaper food from outside the EEC.

Her message goes down well. Mrs. Castle comes across even better. She walks into a hospital canteen and a woman at a nearby table looks up, recognises her and rushes over.

Mrs. Barbara Castle

"It's Barbara Castle. Can I shake her hand?" she asks one of the Castle entourage.

They shake hands, then have a brief chat and someone taking a photo of them together. No doubt of an assured Labour vote there.

Other hospital workers are keen to meet her. Her status as a former Social Services Secretary clearly impresses members of the National Union of Public Employees and the Confederation of Health Service Employees.

She stops to talk to a man in a shopping centre. "I owe you a favour—you could have saved by life." He explains that he was picked up on a drink-drive charge not long after the former Transport Minister had introduced the breathalyzer. Since then he has stopped drinking before driving.

Mrs. Castle chats to shoppers about the election, about prices, about local matters. Comparisons with Mrs. Thatcher are frequent. "She talks down to us, but we understand what you're saying."

Her Tory opponent, Mr. Colin Grantham, stresses the advantage the EEC offers to British industry and jobs. The Liberal, Mr. Michael Steed, favours increased powers for the European Parliament. But whether their arguments can compete with Barbara Castle's personal popularity and her plea to be "the voice of the consumer" remains to be seen.

Sardinia, where lavish promises fall on barren soil

BY RUPERT CORNWELL IN CAGLIARI

"EITHER Sardisti or slaves" proclaims the poster of the Partito Sardo d'Azione (the Sardinian Action Party), largest and oldest of the island's separatist parties.

Like all the other posters disfiguring the walls of Cagliari and other towns, the PSA's will stay up for at least another 10 days.

For as well as last weekend's General Elections, and the European elections on Sunday, Sardinians also have to vote for a new regional administration on June 17.

Even at a local level, the "Sardist" parties are unlikely to amass more than 5 per cent of the vote between them.

By any conventional yardstick, the island's troubles should by now have made it fertile ground for protest against Rome and the mainland political parties, after decades of "Malgoverno"—the chronic incompetence of Italian public administration.

But what could have been one of the most militant peripheral regions of the Common Market remains resigned, fatalistic and largely indifferent to direct elections to the European Parliament.

One explanation lies in the electoral system devised by the central Government. Sardinia has been lumped with Sicily as the fifth and smallest of Italy's five Euro-constituencies.

With a population of only 1.5m, a third that of Sicily, it is unlikely to return more than one, or conceivably two, Deputies to Strasbourg.

One will be a Communist, Sig. Umberto Cardia. The fate of the other, a Christian Democrat, depends on factional infighting, at least as strongly evident in Sardinia as on the "Continente."

The island, closer to Corsica and Tunisia than Rome, has few illusions about the practical consequences of direct elections.

True, contact has been made with other outlying European and Italian regions, and some claim to detect a growing readiness on the part of Sardinian entrepreneurs to bypass Rome and go straight to Brussels or other EEC capitals.

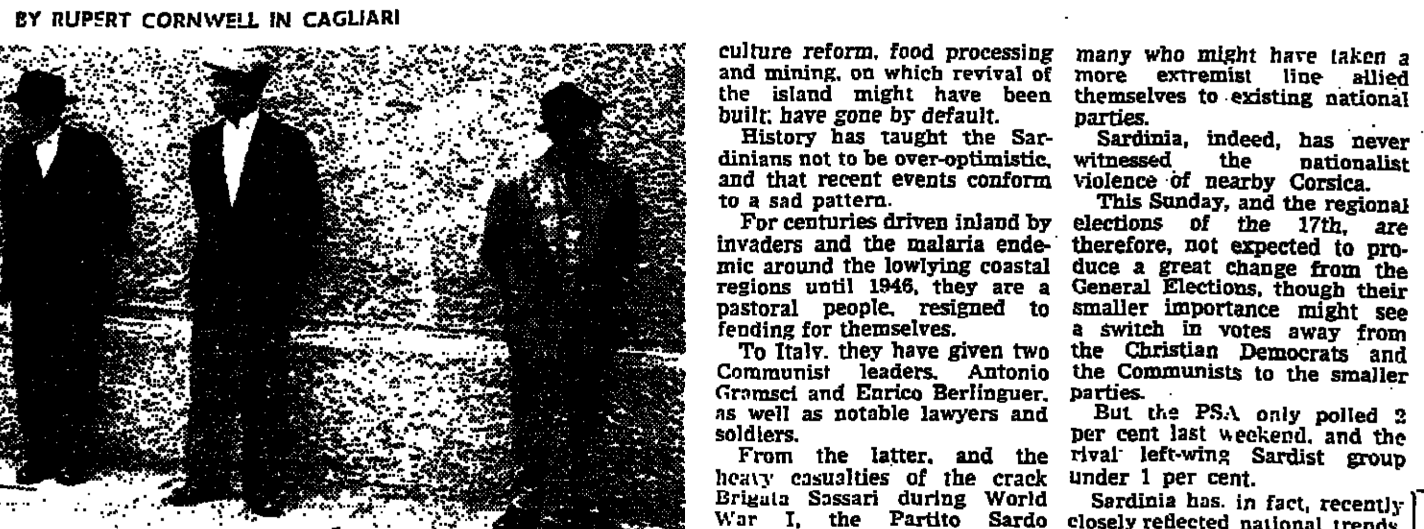
But idealistic promises about lavish regional aid and a secure future as part of a more vigorous Community cut little ice, in the absence of the prospect of a genuinely united Europe.

Money has been poured into Sardinia by the Italian Government even faster than promises. Yet what has been achieved?

The island is best known abroad for its important U.S. nuclear base at La Maddalena, for its tradition of banditry, and for the lush tourist encampments of the Aga Khan on the Costa Smeralda.

The hundreds of millions of pounds made available by Rome have succeeded in creating little more than one of the most spectacular industrial disasters ever.

Sardinia is almost synonymous with Sig. Nino Rovelli, the self-made magnate with the looks of Clark Gable who created the SIR petrochemical empire, and who is known locally as "the Viceroy." Today, SIR is in ruins with debts of L3,000bn (£1.76bn) and monuments of the folly litter the island.



Streets of sour resignation. Half a million Sardinians have emigrated, and among those who remain, unemployment stands at 80,000

One, at Rumianca, near Cagliari, can be perceived through the summer haze, shimmering away across the salt flats next to the port.

Another plant is at Ottana, absurdly sited in the remote centre of the island. Two groups involved there, ENI and Montedison, are losing an estimated L60bn a year.

The trouble can be traced to the "Piano di Rinascita" drawn up in the early 1960s for Sardinia, under which Rome made available a further L1,000bn (£566m) on top of the special Mezzogiorno credits to which it was already entitled.

Sardinia, in the words of Sig. Armando Zucca, for 25 years a Left-wing opponent of the Christian Democrats on the regional council, "was nobody's territory." Then Rovelli arrived.

Colonisation followed a familiar Italian pattern. Some people became rich, while Rovelli bought a local paper and bankrolled the local football team.

Those were the good years. Petrochemicals seemed an endless source of prosperity, and Cagliari improbably won the Italian soccer championship in 1970.

Today, there is just sour resignation. Half a million Sardinians have emigrated, unemployment stands at 80,000, while one-third of the chemical industry's 20,000 employees are temporarily laid off.

Only special State schemes are keeping a further 35,000 young people off the dole. More serious, the attention paid to petrochemicals has meant that agriculture reform, food processing and mining, on which revival of the island might have been built, have gone by default.

History has taught the Sardinians not to be over-optimistic, and that recent events conform to a sad pattern.

For centuries driven inland by invaders and the malaria endemic around the lowlying coastal regions until 1946, they are a pastoral people, resigned to fending for themselves.

To Italy, they have given two Communist leaders, Antonio Gramsci and Enrico Berlinguer, as well as notable lawyers and soldiers.

From the latter, and the heavy casualties of the crack Brigata Sassari during World War I, the Partito Sardo d'Azione was born.

Then, as now, its separatism was of the milder sort, its goal the establishment of Sardinia as a fully independent part of a federal Italy, along Swiss lines.

The reason for its lack of support, apart from the splits which have plagued it, lie to some extent in the plight of the island today.

"We are a people of public servants, pensioners, and unemployed," one long-time separatist sympathiser says. "The place is only kept going by subsidies and money from the centre. How can you expect people to want to cut loose?"

Meanwhile, Rome tried to go some of the way by giving the island a special more-autonomous statute in 1948, so that many who might have taken a more extremist line allied themselves to existing national parties.

Sardinia, indeed, has never witnessed the nationalist violence of nearby Corsica.

This Sunday, and the regional elections of the 17th, are therefore, not expected to produce a great change from the General Elections, though their smaller importance might see a switch in votes away from the Christian Democrats and the Communists to the smaller parties.

But the PSA only polled 2 per cent last weekend, and the rival left-wing Sardist group under 1 per cent.

Sardinia has, in fact, recently closely reflected national trends. On Sunday, both Christian Democrats and Communists lost ground, and the small parties of the Centre advanced.

The regional administration has been run along the lines of national government, with the Communists not in power but influencing proceedings from outside.

The pattern of the DC as largest party, followed by the Communists and Socialists, is expected to be repeated both this weekend and on the 17th.

The 'Sardisti' may gain one councillor, but they certainly will not be represented at Strasbourg.

The electoral emblem of the SPA and its three allies—the flag of Sardinia with its four blindfolded Moors—is somehow symbolic of their cause.

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